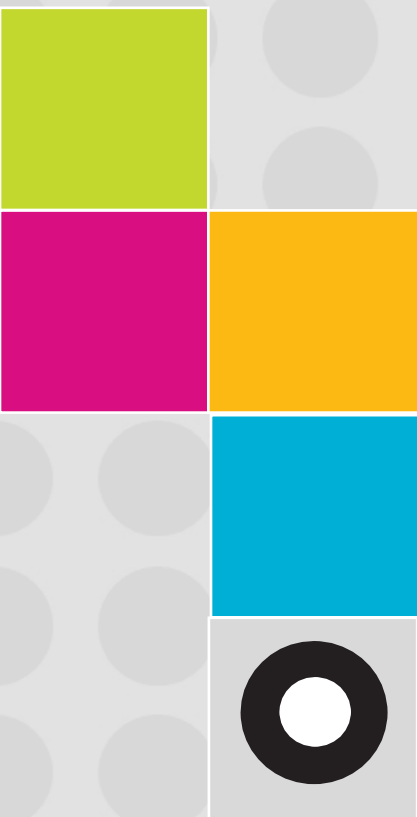




CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Making progress possible. Together.

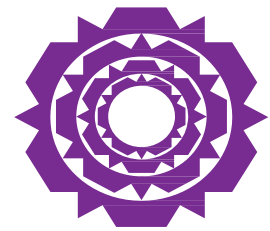


WELL RUN CITY

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

UNAUDITED



Contents

- 1 Reporting entity's mandate
- 2 Approval of the consolidated annual financial statements
- n/a Report of the Auditor-General
- 5 General information

Financial statements and policy

- 9 Significant accounting policies
- 22 Statement of financial position
- 23 Statement of financial performance
- 24 Statement of changes in net assets
- 25 Cash flow statement
- 26 Statement of comparison of budget and actual amounts – economic entity
- 28 Statement of comparison of budget and actual amounts – Municipality of Cape Town
- 30 Notes to the consolidated annual financial statements for the year ended 30 June 2019

Annexures

- 88 A: Schedule of external borrowings
- 89 B: Analysis of property, plant and equipment and other assets
- 91 C: Disclosure of bank accounts and investments in terms of section 125(2)(a) and (b) of the MFMA
- 93 D: Segmental statement of financial performance
- 94 E: Disclosure of grants and subsidies in terms of section 123 of the MFMA
- 99 F: Disclosure of grants in terms of section 14(4)(a) of the DORA 2018
- 100 G: Appropriation statement (reconciliation: budget and in-year performance)
- 101 H: Bids awarded to family of employees in the service of the state – 2018

Appendix A

- 104 Abbreviations used in these financial statements

REPORTING ENTITY'S MANDATE



The reporting entity (hereinafter 'the Entity') is a high-capacity, category A local authority established in terms of section 151 of the Constitution of the Republic of South Africa, Act 108 of 1996.

The principal activities of the Entity are to:

- provide democratic and accountable government to the local communities;
- ensure sustainable service delivery to communities;
- promote social and economic development;
- promote a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government.

The Entity's operations are governed by the Local Government: Municipal Structures Act 117 of 1998, the Local Government: Municipal Systems Act 32 of 2000, the Local Government: Municipal Finance Management Act 56 of 2003, and various other acts and regulations.

APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these consolidated annual financial statements for the year ended 30 June 2019, as set out on pages 9 to 104 in terms of section 126(1) of the Local Government: Municipal Finance Management Act 56 of 2003, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 41.2.1 to these consolidated annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa Act 108 of 1996, read with the Remuneration of Public Office Bearers Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with this Act.



Lungelo Mbandazayo
City Manager

30 September 2019



GENERAL INFORMATION

AUDITORS

The Auditor-General of South Africa
No 17 Park Lane Building
Park Lane
Century City
7441

Private Bag X1
Chempet
7442

BANKERS

Nedbank Limited
135 Rivonia Campus
135 Rivonia Road
Sandown
Sandton
2196

PO Box 1144
Johannesburg
2000

REGISTERED OFFICE

City of Cape Town
12 Hertzog Boulevard
Cape Town
8001

PO Box 655
Cape Town
8000



GENERAL INFORMATION (continued)

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor

Ald D Plato

Executive Deputy Mayor, Finance

Ald I Neilson

Economic Opportunities and Asset Management

Ald J Vos

Transport

Ald F Purchase

Safety and Security

Ald JP Smith

Spatial Planning and Environment

Ald M Nieuwoudt

Urban Management

Ald G Twigg

Corporate Services

Cllr S Cottle

Community Services and Health

Cllr Z Badroodien

Human Settlements

Cllr M Booï

Energy and Climate Change

Cllr P Maxiti

Water and Waste

Cllr X Limberg

EXECUTIVE MANAGEMENT TEAM

City Manager

L Mbandazayo

Chief Financial Officer

K Jacoby

Community Services and Health

E Sass

Corporate Services

CJ Kesson

Economic Opportunities and Asset Management

KSC le Keur

Energy and Climate Change

K Nassiep

Human Settlements

R Rughubar (acting)

Safety and Security Services

RG Bosman

Spatial Planning and Environment

O Asmal (acting)

Transport

E Sass (acting)

Urban Management

B van Schoor (acting)

Water and Waste Services

M Webster (acting)

MEMBERS OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

Chairperson

D Singh (contract renewed with effect from 1 November 2018)

Members

S Barnes

M Burton

L Nene (appointed with effect from 1 November 2018)

R Nicholls

A Rhoda (contract ended with effect from 31 October 2018)

OTHER

Speaker

Ald JD Smit

Chief Whip

Cllr D Visagie



GENERAL INFORMATION (continued)

Council members of the City of Cape Town

Cllr A Abrahams	Cllr PH Chapple	Cllr MW Hlazo	Cllr J Martlow
Cllr FL Abrahams	Cllr MN Chitha	Cllr TT Honono	Cllr V Matanzima
Cllr MR Abrahams	Cllr DJ Christians	Cllr VR Isaacs	Cllr JJ Maxheke
Cllr MF Achmat	Cllr BR Clarke	Cllr IR Iversen	Cllr P Maxiti
Cllr A Adams	Cllr CC Clayton	Cllr BM Jacobs	Cllr S Mbandezi
Cllr A Adams	Cllr DG Cottey	Cllr HW Jacobs	Cllr JS Mbolompo
Cllr R Adams	Cllr SA Cottle	Cllr WD Jafftha	Cllr NV Mbombo
Cllr Y Adams	Cllr AC Crous	Cllr L Jali	Cllr LVP McBride
Cllr M Adonis	Cllr M Dambuza	Cllr C Janse van Rensburg	Cllr J McCarthy
Cllr ZC Adonis	Cllr T Dasa	Cllr EE Jansen	Cllr AP McKenzie
Cllr FK Ah-Sing	Cllr MM Davids	Cllr S John	Cllr CN Mdleleni
Cllr WJ Akim	Cllr NN Dilima	Cllr C Jordaan	Cllr SS Mfecane
Cllr EP Andrews	Cllr WB Dlulane	Cllr N Jowell	Cllr NE Mgolombane
Cllr E Anstey	Cllr WP Doman	Ald CR Justus	Cllr JH Middleton
Cllr R Arendse	Cllr DK Dudley	Cllr ML Kempthorne	Cllr PM Mngxunyeni
Cllr SWP Arendse	Cllr SS Duka	Cllr DM Khatshwa	Cllr S Moodley
Cllr DE Badela	Cllr PA East	Cllr MRH Kleinschmidt	Cllr AC Moses
Cllr ZA Badroodien	Cllr CJ Esau	Cllr ME Kleinsmith	Cllr NA Moshani
Cllr MK Bafo	Cllr JP Fitz	Cllr C Kobeni	Cllr T Mpengezi
Cllr UM Barends	Cllr E Fortune	Cllr AL Komeni	Cllr S Mzobe
Cllr AJG Basson	Cllr GD Fourie	Cllr NF Kopman	Cllr PS Mzolisa
Cllr S Batala	Cllr P Francke	Cllr GPG Kriel	Cllr N Ndalen
Cllr TM Batembu	Cllr CM Fry	Cllr AE Kuhl	Cllr AX Ndongeni
Cllr R Bazier	Cllr A Gabuza	Cllr MD Kumeke	Ald ID Neilson
Cllr R Beneke	Cllr F Gaffoor	Ald NJ Landingwe	Cllr K Nethi
Cllr CB Bew	Cllr BC Golding	Cllr SP Liell-Cock	Cllr BP Ngcani
Cllr N Bolitye	Cllr GE Gordon	Cllr AG Lightburn	Cllr B Ngcombolo
Cllr M Boo	Cllr AJ Griesel	Cllr XT Limberg	Cllr MWN Ngeyi
Cllr FR Botha-Rossouw	Cllr CDW Groenewoud	Cllr CO Mabona	Cllr PM Ngqu
Cllr R Bresler	Cllr NE Grose	Cllr BC Madikane	Cllr D Ngubelanga
Cllr EN Brunette	Cllr LA Gungxe	Cllr N Mahangu	Cllr S Ngxumza
Cllr DW Bryant	Cllr B Hansen	Cllr N Mahlati	Ald MJ Nieuwoudt
Cllr KR Carls	Cllr W Harris	Cllr BM Majingo	Cllr M Nikelo
Cllr H Carstens	Cllr GCR Haskin	Cllr N Makasi	Cllr S Nkomiyahlaba
Cllr MA Cassiem	Cllr PG Helfrich	Cllr LC Makeleni	Cllr FM Nkuzana
Cllr MF Cassim	Cllr A Hendricks	Cllr SK Manata	Cllr X Nofemele
Ald GV Cavanagh	Cllr PC Heynes	Ald GW March	Cllr SM Noludwe
Cllr CS Cerfontein	Cllr ND Hlangisa	Cllr RPJ Mare	Cllr S Nonkeyizana

GENERAL INFORMATION (continued)

Council members of the City of Cape Town (continued)

Cllr SP Nqamnduku	Ald FA Purchase	Cllr NP Sono	Cllr CHS van Wyk
Cllr ML Nqavashe	Cllr ZL Qoba	Cllr X Sotashe	Cllr A van Zyl
Cllr M Nqulwana	Cllr RM Quintas	Cllr KG Southgate	Cllr M Velem
Cllr A Ntsodo	Cllr X Qwasha	Cllr Z Sulelo	Cllr R Viljoen
Cllr P Nyakaza-Sandla	Cllr MH Raise	Cllr PS Swart	Cllr DA Visagie
Cllr L Nyingwa	Cllr B Rass	Cllr S Taliep	Cllr CL Visser
Cllr SF Oerson	Cllr R Rau	Cllr HP Terblanche	Cllr J Visser
Ald MJ Oliver	Cllr FHL Raymond	Cllr EAJ Theron	Cllr PP Vokwana
Cllr GC Peck	Cllr N Rheeder	Ald TB Thompson	Ald J Vos
Cllr XG Peter	Cllr SJ Rossouw	Cllr G Timm	Cllr ST Vuba
Cllr MJ Petersen	Cllr T Sakathi	Cllr BEF Truter	Cllr FC Walker
Cllr S Philander	Cllr R Saralina	Ald GG Twigg	Ald BRW Watkyns
Cllr MP Pietersen	Cllr E Sawant	Cllr TA Uys	Cllr C Williams
Cllr TI Pimpi	Cllr RZ Simbeku	Cllr B van der Merwe	Cllr JJ Witbooi
Cllr YM Plaatje	Cllr RS Simons	Cllr JFH van der Merwe	Cllr J Woodman
Ald D Plato	Cllr AJ Skippers	Cllr A van der Rhee	Cllr N Xamle
Cllr CJ Pophaim	Ald JD Smit	Cllr PE van der Ross	Cllr SK Yozi
Ald SB Pringle	Ald JP Smith	Cllr ML van der Walt	Cllr LG Zondani
Cllr CB Punt	Cllr OK Solomons	Cllr B van Reenen	

In the course of the reporting period, the following councillors ceased to be political office-bearers:

Ald D Amira	20/03/2019	Cllr B Hadebe	21/05/2019	Cllr RM Moses	30/05/2019
Cllr A Arnolds	21/05/2019	Cllr MGE Hendricks	27/05/2019	Cllr XB Pakela	13/05/2019
Cllr SN August	25/10/2018	Cllr BN Herron	08/11/2018	Cllr SA Ramsay	27/11/2018
Cllr GG Barnado	25/10/2018	Cllr A Lili	22/05/2019	Cllr N Silas	04/07/2018
Cllr G Bosman	21/05/2019	Cllr SA Little	25/10/2018	Cllr T Stemele	25/10/2018
Cllr X Cekiso	31/01/2019	Cllr N Makamba-Botya	21/05/2019	Cllr LE Tshwete	07/03/2019
Cllr J Cupido	31/10/2018	Cllr S Mamkeli	25/10/2018	Cllr BM van Minnen	21/05/2019
Ald P de Lille	31/10/2018	Cllr RPJ Marmon	12/11/2018	Cllr M Xego	21/05/2019
Cllr SP Diamond	17/02/2019	Cllr LM Mbele	21/10/2018		

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019

The Entity's significant accounting policies, which are in all material respects consistent with those applied in the previous year, except as stated in note 38, are set out below. These consolidated annual financial statements have been prepared on an accrual basis of accounting and have used the historical cost convention as the basis of measurement, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation.

Going-concern assumption

These consolidated annual financial statements have been prepared based on the expectation that the Entity will continue to operate as a going concern for at least the next 12 months.

Basis of presentation

The financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP), standards issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective.

The ASB has issued a directive that outlines the principles for the application of the GRAP 3 guidelines in determining the GRAP Reporting Framework hierarchy, as set out in the 'Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors'.

Use of significant judgements and estimates

In the process of applying the Entity's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively:

• Going-concern

Management considers key financial metrics and approved medium-term budgets, together with the municipality's dependency on grants from national and provincial government, to conclude that the going concern assumption used in the compiling of its annual financial statements, is appropriate.

• Materiality

Materiality has been considered in determining whether information is required to be recognised, measured, presented and disclosed in accordance with the requirements in the Standards of GRAP as well as assessing the effect of omissions, misstatements and errors on the financial statements.

In assessing whether an item, transaction or event is material, specific thresholds have been developed as follows:

○ Budget information

Variances between budget and actual amounts are regarded as material when there is a variance of:

- 10% or greater in the statement of financial position, the statement of financial performance and the cash flow statement;
- 5% or greater in capital expenditure.

All material differences are explained in note 39 to the consolidated annual financial statements.

○ Qualitative thresholds

The nature of an item, transaction or event refers to its inherent characteristics, or the circumstances in which it was undertaken. Characteristics that may make an item, transaction or event material include the following:

- The item, transaction or event relates to legal or regulatory requirements, e.g. specific disclosures required by legislation, restrictions on certain transactions or activities imposed by legislation, or breaches of legislation.
- Related party transactions.
- The regularity or frequency with which an item, transaction or event occurs, e.g. a once off transfer of funds to another entity in terms of legislation or a ministerial directive.
- The item, transaction or event results in the reversal of a trend, e.g. changes a surplus to a deficit or vice versa.
- The item, transaction or event is likely to result in a change in accounting policy.
- The commencement of a new function, or the reduction or cessation of an existing function.
- The degree of estimation or judgement that is needed to determine the value of an item, transaction or event, e.g. a high degree of estimation may be involved in the measurement of a complex transaction such as a financial instrument.
- An item, transaction or event that affects the going concern assumption of the municipality.

The relative importance of the above qualitative factors in determining materiality is a matter of professional judgement.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Quantitative thresholds

Quantitative materiality refers to the monetary value of items, transactions or events that is likely to influence users' decisions. The quantitative value of materiality can be based on a number of financial indicators.

The City of Cape Town uses 0,5% to determine materiality and the following factors were considered:

- Nature of the City's business
- Statutory requirements
- The control and inherent risks associated with the City
- Prudence

The level of materiality per classes of transactions for 2018/2019 was set as follows:

Classes of transactions	Level of materiality (R'000)
Revenue	213 902
Expenditure	192 494
Non-current assets	248 005
Current assets	74 842
Non-current liabilities	63 589
Current liabilities	44 380

The classes of transactions in the statement of financial performance, was based on the 2018/19 adjustments budget approved by Council in January 2019.

The classes of transactions in the statement of financial position, was based on the 2017/18 audited financial statements balance.

Based on professional judgement the overall quantitative value of materiality for the 2018/19 financial year is set at R120 million.

Pension and other post-employment benefits

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This was performed per service-identifiable categories across all debtor classes. The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

Impairment of property, plant and equipment

The calculation in respect of the impairment of property, plant and equipment (PPE) is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

As part of the impairment calculation of the CTICC building and asset under construction, management estimates the recoverable amount by calculating the value in use of the cash generating unit to which the asset belongs. In arriving at the value in use, management has needed to make significant assumptions regarding future cash flows and discount rates which are disclosed in note 2.

Significant delays in assets under construction

The Entity regards delays in assets under construction of more than one year as significant.

Residual value of property, plant and equipment

Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

Useful lives of property, plant and equipment, investment property and intangible assets

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management's judgement on whether the assets will be sold, held indefinitely or used to the end of their useful lives, and what their condition will be at that time.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

- **Material losses**

Material losses are losses that occur due to factors other than normal production and are regarded as material in terms of the materiality thresholds.

Losses that occur due to normal production are classified as production cost and are factored into the City's tariffs. They therefore do not constitute material losses. If actual production losses exceed the budgeted production losses factored into the tariff, this difference is considered as material losses.

- **Provisions and contingent liabilities**

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities, as set out in notes 14, 16 and 37 respectively. Provisions are discounted where the effect of discounting is material.

- **Cash and non-cash-generating assets**

The City is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff although net positive cash inflows are achieved from electricity service charges. As such, management has determined that only the City's electricity assets meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will apply to all other assets of the City.

The CTICC consider cash generating assets to be those assets which are used to host events, which represents the company's core revenue stream.

Adoption of new and revised standards

- **Standards and interpretations effective and adopted in the current year**

The ASB issued amendments to the following Standards of GRAP that are applicable and effective in the current year:

- GRAP 21 - Impairment of non-cash-generating assets
- GRAP 26 - Impairment of cash-generating assets

These improvements have led to changes in the Entity's accounting policy for the determination of cash-generating assets. The City has determined that its Energy Directorate generates net positive cash flows and as such is considered as cash generating unit. As at the reporting date there is no indication that such assets is impaired.

- **Standards and interpretations early-adopted**

The Entity has not early-adopted any GRAP standard that is not yet effective, but has based its accounting policies on GRAP 20, 32, 108, 109 and IGRAP 17, 18, 19 and Guideline on Accounting for Landfill Sites and Guideline on the Application of Materiality in Financial Statements.

- **Standards and interpretations issued, but not yet effective**

At the date of submission of these financial statements, the following amendments to standards of GRAP and approved standards of GRAP had been issued, but were not yet effective:

- **Annual periods commencing on or after 1 April 2019:**

- GRAP 20 - Related-party disclosures (revised)
- GRAP 32 - Service concession arrangements: Grantor
- GRAP 108 - Statutory receivables
- GRAP 109 - Accounting by principals and agents
- IGRAP 17 - Service concession arrangements where a grantor controls a significant residual interest in an asset
- IGRAP 18 - Recognition and derecognition of land
- IGRAP 19 - Liabilities to Pay Levies
- Guideline - Guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The Entity has based its accounting policies on these standards and therefore the application of the standards will have no impact on the financial statements.

- **Annual periods commencing on or after 1 April 2020:**

- GRAP 18 - Segment reporting
- GRAP 34 - Separate financial statements
- GRAP 35 - Consolidated financial statements
- GRAP 36 - Investments in associates and joint ventures
- GRAP 37 - Joint arrangements
- GRAP 38 - Disclosure of interest in other entities
- GRAP 110 - Living and non-living resources
- IGRAP 20 - Accounting for Adjustments to Revenue to Pay Levies

The above standards will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that GRAP 18 will require additional presentation and disclosure in the financial statements. GRAP 34, 35, 36, 37, 38, 110 and IGRAP 20 will have an immaterial impact.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

- **Annual periods commencing on or after 1 April 2020:**
 - Guideline on Accounting for Landfill Sites
 - Guideline on the Application of Materiality in Financial Statements

The Entity has based its accounting policies on these guidelines and therefore the application of these guidelines will have no impact on the financial statements.

CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the parent entity, the City of Cape Town, and all its subsidiaries presented as a single economic entity, and consolidated at the same reporting date as the parent entity.

Subsidiaries

Subsidiaries are entities controlled by the Entity. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the Entity controls another entity. Subsidiaries are consolidated from the date that effective control is transferred to the Entity, and are no longer consolidated from the date that effective control ceases.

For certain entities, the Entity has entered into contractual arrangements that afford the Entity power to exercise control over the operations of such entities. Because the Entity controls such entities in this manner, they are considered to be subsidiaries and are therefore consolidated in the annual financial statements.

All intergroup transactions, balances and unrealised gains and losses are eliminated as part of the consolidated process. The interests of non-controlling shareholders in the consolidated equity and results of the group are shown separately in the consolidated statement of financial position and statement of financial performance respectively. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest, even if doing so causes the non-controlling interest to have a deficit balance. Investments in subsidiaries are stated at cost less impairment losses in the separate financial statements of the Entity, with intergroup investments eliminated on consolidation.

HOUSING FUNDS

The housing development fund was established in terms of the Housing Act 107 of 1997.

Housing development fund

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

In addition, section 14(4)(d)(iii)(aa) read with, inter alia, section 16(2) of the Housing Act also requires that the net proceeds of any letting, sale or alienation of property previously financed from government housing funds be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

Unrealised housing proceeds

In order to comply with sections 14(4)(d)(i) and (iii) of the Housing Act, in terms of which all net proceeds need to be paid into the housing development fund, it was necessary to create a holding account that represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

RESERVES

The Entity creates and maintains reserves in terms of specific requirements.

Capital replacement reserve (CRR)

In order to finance the acquisition of property, plant and equipment and other assets from internal sources, cash amounts are transferred from the accumulated surplus to the CRR.

The following guidelines are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised.
- The CRR may only be utilised for purchasing items of property, plant and equipment, and not for their maintenance, unless otherwise directed by Council.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Insurance reserves

• Self-insurance reserve

A general insurance reserve has been established and covers claims that may occur, subject to reinsurance where deemed necessary. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the statement of financial performance. The net surplus/deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

A viability valuation report is obtained each year to assess the adequacy of the insurance reserve at year-end.

• Compensation for occupational injuries and diseases (COID) reserve

The Entity has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of section 84 of the COID Act 130 of 1993.

The certificate of exemption issued by the Commissioner and prescribed by the COID Act requires the Entity to deposit cash and/or securities with the Commissioner, the market values of which in aggregate shall not be less than the capitalised value of the Entity's continuing liability of the Entity as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from the reserve to the expense account in the statement of financial performance.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Where PPE are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Subsequent expenditure relating to PPE is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

The gain or loss arising from the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

Depreciation rates

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if significant, are reassessed annually, if there are any indication of changes, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
Infrastructure		Other	
Roads and paving	10-50	Buildings	2-50
Electricity	15-50	Other vehicles	4-15
Water	15-30	Office equipment	2-16
Sewerage	15-20	Watercraft	5
Telecommunications	10-30	Bins and containers	5
		Landfill sites	30
Housing	30	Specialised vehicles	10-20
		Library books	1
Community		Furniture and fittings	2-15
Community and recreational facilities	20-50	Computer equipment	2-9
Security	5-10	Plant and equipment	2-19
		Service concession	10-30

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable, as it has an indefinite useful life.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

INVESTMENT PROPERTIES

Investment properties are immovable land and/or buildings that are held to earn rental income and/or for capital appreciation. Investment property excludes owner-occupied property that is used in the production or supply of goods or services or for administrative purposes, or property held to provide a social service.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Where investment properties are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets, estimated at 20 to 50 years.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use, and when no future economic benefits or service potential are expected from its disposal. Any gain or loss arising from the retirement or disposal of investment property is included in the surplus or deficit in the period of such retirement or disposal.

Direct income and expenses arising from investment property are disclosed as part of general income and expenses, and are thus not disclosed separately, as they are not material.

HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage assets are stated at cost less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition. Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life are capitalised as incurred. Day-to-day costs incurred to maintain a heritage asset are expensed.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset, and transfers from heritage assets are only made when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred, at the date of transfer.

The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value, and is recognised in the statement of financial performance. Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

INTANGIBLE ASSETS

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Where intangible assets are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

The Entity recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the Entity, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Amortisation rates

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. The residual value, amortisation method and useful life, if significant, are reassessed annually, if there are any indication of changes, with the effect of any changes in estimate accounted for on a prospective basis.

The amortised rates are based on the following estimated useful lives:

	Years
Acquisition of rights	8
Computer software	5-10

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

IMPAIRMENT OF NON-CASH-GENERATING ASSETS

The Entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets not yet available for use are tested for impairment annually if there is an indication that the asset may be impaired.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell and the value-in-use. The value-in-use is the present value of the remaining service potential of the asset, and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service units approach.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

IMPAIRMENT OF CASH-GENERATING ASSETS

The Entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the City estimates the recoverable amount of the asset.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The value-in-use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use), which can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flow exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the Entity expects to obtain from the disposal of the asset in an arm's-length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the Entity recognises a liability only to the extent that it is a requirement in the standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

INVENTORIES

Inventories consist of raw materials, consumables and finished goods, and are valued at the lower of cost (determined on the weighted-average basis) and net realisable value, except for plants and compost, which are valued at the tariffs charged. Where they are held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values, and are recognised as an expense in the period during which the write-down or loss occurs.

TAXATION

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in profit or loss.

Deferred taxation is provided on all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their tax base, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable surplus/deficit. The amount of deferred taxation provided is measured at the tax rates that are expected to apply to the period when the asset is released or the liability is settled, based on the tax rates/laws that have been enacted or substantively enacted by the end of the reporting date.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the tax benefit will be realised.

GRANTS AND TRANSFERS

Grants and transfers received or receivable are recognised as assets when the resources that have been transferred to the Entity meet the definition and criteria for recognition of an asset.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset, is subject to conditions that require that the Entity either consumes the future economic benefits or service potential of the asset as specified, or that in the event that the conditions are breached, the Entity returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met. Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants and transfers received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant and transfer invested.

PROVISIONS

A provision is recognised when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation of environmental damage and landfill site closure costs, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises in terms of legislation. Changes in the measurement of existing environmental liabilities resulting from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit. Any unwinding of discount is charged to the statement of financial performance as a finance cost.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

EMPLOYEE BENEFITS

Retirement benefit plans

The Entity provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against income in the year during which they become payable.

The Entity does not apply defined-benefit accounting to the defined-benefit plans that are classified as multi-employer plans, as sufficient information is not available to apply the relevant principles involved. As a result, such plans are accounted for as defined-contribution plans.

Post-retirement pension funds

Pensions paid to employees who had not been members of any of the official pension funds, but who are entitled to a revenue pension, are recognised as an expense when incurred. Such pension payments are funded from a staff provident fund maintained for this purpose. Entitlement to these ex-gratia pension payments is subject to compliance with an acceptable pre-condition for non-membership of any of the pension funds associated with the Entity.

The Entity makes the fund contributions on a monthly basis, which are charged to the operating account when employees have rendered the service entitling them to the contributions. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the obligations.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur.

Post-retirement medical aid: Continued members

The Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Entity is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Entity will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Entity's decision on protected rights.

Post-retirement medical contributions paid by the Entity, depending on the employee's contract, could be 70% or a subsidy indicated on a sliding scale. In each case, the employee is responsible for the balance of post-retirement medical contributions. External appointments after 15 December 2000 do not qualify for a post-retirement medical aid subsidy. Only registered dependants on the medical aid fund as at the date of the principal member's retirement are allowed to continue as dependants post-retirement. In the event of the death of the principal member, the remaining dependants and children continue to be subsidised, subject to the rules of the post-retirement medical aid scheme.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur. The projected unit credit method has been used to value the obligation.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Short-term and long-term employee benefits

The cost of all short-term employee benefits is recognised in the period during which the employee renders the related service. The Entity recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment, and if a reliable estimate can be made.

The Entity provides long-service leave to eligible employees, payable on completion of years of employment. The Entity's liability is based on an actuarial valuation. Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance. The projected unit credit method has been used to value the obligation.

REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National Government and Western Cape Provincial Government ('Province'), service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the Entity, and when these benefits can be reliably measured. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff. This includes the issuing of licences and permits.

Revenue from exchange transactions

Exchange transactions are transactions in which the Entity receives assets or services, or has liabilities extinguished and directly gives approximately equal value to another entity in exchange.

Service charges are levied in terms of the approved tariffs.

Credit meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted upon subsequent actual meter readings. An accrual based on a determined consumption factor is made for consumption not measured as at the end of the financial year.

Electricity services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Income in respect of housing rental and instalment sale agreements is accrued monthly.

Interest earned on investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the housing development fund or the insurance reserve.

Interest earned on the following investments is not recognised in the statement of financial performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor 'Unutilised conditional grants' if the grant conditions indicate, or where management has determined, that interest is payable to the funder.

Dividends are recognised when the Entity's right to receive payment is established.

Income for agency services, where the Entity acts as an agent, is recognised monthly once the income collected on behalf of principals is earned. The income is recognised in terms of the agency agreement.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be reliably measured.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

Revenue from non-exchange transactions

Non-exchange transactions are transactions where the Entity received revenue from another entity without giving approximately equal value in exchange.

Revenue from rates is recognised when the legal entitlement to this revenue arises and ratepayers have been duly notified. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system, charging different rate tariffs, is used. Rebates are granted to certain categories of ratepayers, and are deducted from revenue.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued.

Donations are recognised on a cash receipt basis or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Entity. Donations are measured at fair value.

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government: Municipal Finance Management Act 56 of 2003, and is recognised when recovered from the responsible party.

LEASES

The Entity as lessee

Operating leases are those where risks and rewards of ownership are not transferred to the lessee. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

The Entity as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

GRANTS-IN-AID

The Entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Entity does not:

- receive any goods or services directly in return as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period during which the events giving rise to the transfer occurred.

FINANCIAL INSTRUMENTS

Financial instruments are recognised when the Entity becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to, or deducted from, the fair value, as appropriate on initial recognition.

Non-derivative financial assets

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition.

- **Investments at fair value**

Non-derivative investments held without the positive intent or ability to hold to maturity. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.

- **Investments at amortised cost**

Non-derivative investments with fixed or determinable payments and fixed maturity dates, which the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

- **Investments at cost**

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably measured. Subsequent to initial recognition, such investments are measured at cost less any impairment.

Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Entity has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Non-derivative financial liabilities

After initial recognition, the Entity measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables. Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

Derivative financial instruments

The Entity holds derivative financial instruments to hedge its foreign-currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

PAYABLES

Payables are initially measured at fair value plus transactional cost, and are subsequently measured at amortised cost, using the effective interest rate method.

RECEIVABLES

Receivables are recognised initially at fair value plus transactional cost, which approximates amortised cost, less provision for impairment. Bad debts are written off in the year during which they are identified as irrecoverable, subject to approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end.

UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

These are accounted for in the financial statements, and classified in accordance with the nature of the expense, and where recovered it is subsequently accounted for as revenue.

FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling exchange rate on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period during which they arise.

BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP Standards on an accrual basis, and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements.

The approved budget is the most recent adjustments budget approved by Council. The final budget is the most recently approved budget that has been adjusted for changes made in terms of legislation and may not have been formally approved again by Council.

The budget amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in the notes to the annual financial statements.

The budget amounts are those approved by Council both prior to and during the year, following a period of consultation with the public as part of the Integrated Development Plan (IDP) process.

Comparative information is not required for, and has therefore not been presented in, the statement of comparison of budget and actual amounts.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

OFFSETTING

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

SERVICES IN KIND

The Entity does not recognise services in kind as revenue or as an asset, but the nature and type of major classes of services in kind are disclosed in note 23.

COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, comparative amounts are restated and the nature and reason disclosed.

Where accounting errors have been identified and/or a change in accounting policy has been made in the current year, the correction is made retrospectively as far as is practicable, and the comparatives are restated accordingly.

RELATED PARTIES

The Entity regards a related party as a person or an entity with the ability to control the Entity either individually or jointly, or the ability to exercise significant influence over the Entity, or vice versa.

Management is regarded as a related party, and comprises the councillors, Executive Mayor, Executive Deputy Mayor, Mayoral Committee (Mayco) members, accounting officers and executive directors.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

Rand thousands (R'000)

		Economic entity		Municipality of Cape Town	
	Note	2019	Restated' 2018	2019	Restated' 2018
ASSETS					
Non-current assets		52 710 479	49 799 552	52 356 003	49 601 006
Property, plant and equipment	2	46 292 153	43 736 668	45 703 232	43 153 766
Heritage assets	3	10 280	8 891	10 280	8 891
Investment property	4	582 961	584 713	582 961	584 713
Intangible assets	5	701 217	716 040	693 178	716 009
Investments	6	4 976 372	4 590 943	5 342 559	5 111 773
Long-term receivables	7	23 793	25 854	23 793	25 854
Deferred taxation	33	123 703	136 443	-	-
Current assets		18 957 799	14 782 235	18 597 560	14 441 901
Inventory	8	438 058	473 318	435 991	471 727
Receivables	9	6 213 435	5 623 092	6 215 922	5 626 400
Other receivables	10	1 049 266	883 135	985 204	861 290
Investments	6	2 532 330	1 981 576	2 532 330	1 981 576
Taxation		3 002	-	-	-
Current portion of long-term receivables	7	8 838	14 290	8 838	14 290
Cash and cash equivalents	11	8 712 870	5 806 824	8 419 275	5 486 618
TOTAL ASSETS		71 668 278	64 581 787	70 953 563	64 042 907
LIABILITIES					
Non-current liabilities		13 154 744	12 726 404	13 148 024	12 717 715
Borrowings	12	6 277 657	6 501 227	6 270 937	6 492 538
Provisions	14	6 877 087	6 225 177	6 877 087	6 225 177
Current liabilities		9 217 308	8 994 077	9 114 290	8 876 006
Deposits	15	452 347	409 823	410 962	381 660
Provisions	16	1 153 552	1 019 878	1 147 975	1 015 155
Payables from exchange transactions	17	5 753 442	5 977 127	5 699 317	5 901 661
Unspent conditional grants and receipts	18	1 298 170	1 067 745	1 298 170	1 067 745
Value-added tax	19	130 270	132 982	130 270	132 982
Taxation		-	7 914	-	-
Current portion of borrowings	12	429 527	378 608	427 596	376 803
TOTAL LIABILITIES		22 372 052	21 720 481	22 262 314	21 593 721
NET ASSETS					
Total net assets		49 296 226	42 861 306	48 691 249	42 449 186
Housing development fund	20	409 351	359 289	409 351	359 289
Reserves		4 389 568	3 105 791	4 389 568	3 105 791
Accumulated surplus		44 174 137	39 078 272	43 892 330	38 984 106
Non-controlling interest		323 170	317 954	-	-
TOTAL NET ASSETS AND LIABILITIES		71 668 278	64 581 787	70 953 563	64 042 907

¹ Comparative restated: see note 38 for more details.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

		Economic entity		Municipality of Cape Town	
	Note	2019	Restated' 2018	2019	Restated' 2018
REVENUE					
Exchange revenue		22 902 466	21 009 742	22 397 813	20 539 542
Service charges	21	19 754 555	18 164 117	19 765 158	18 160 336
Rental of letting stock and facilities		610 564	615 891	460 383	494 500
Finance income	22	1 411 195	1 131 401	1 391 166	1 109 015
Licences and permits		58 078	46 788	58 078	46 788
Agency services		230 144	213 550	230 144	213 550
Other income	23	714 495	757 428	369 622	434 876
Gains on disposal of property, plant and equipment		123 435	80 567	123 262	80 477
Non-exchange revenue		20 046 768	18 352 220	20 267 623	18 553 280
Finance income	22	92 302	76 885	92 302	76 885
City improvement districts (CIDs)	23	-	-	216 629	198 921
Property rates	24	9 312 393	8 468 248	9 319 556	8 470 387
Fuel levy		2 558 136	2 417 635	2 558 136	2 417 635
Fines, penalties and forfeits		1 459 194	1 545 312	1 459 194	1 545 312
Government grants and subsidies	25	6 548 361	5 744 790	6 548 361	5 744 790
Public contributions	26	76 382	99 350	73 445	99 350
Total revenue		42 949 234	39 361 962	42 665 436	39 092 822
EXPENDITURE					
Employee-related costs	27	12 429 037	10 948 648	12 335 769	10 866 949
Remuneration of councillors and board members	41.2.1	153 100	147 949	152 357	147 293
Impairment costs	28	1 615 557	2 039 929	1 767 257	1 636 416
Collection costs		220 220	207 853	216 234	207 853
Depreciation and amortisation expenses ²	2,4,5	2 857 735	2 606 357	2 802 364	2 566 995
Finance costs	29	754 000	782 902	753 155	781 925
Bulk purchases	30	8 644 621	8 127 378	8 644 621	8 127 378
Contracted services		2 066 606	1 961 902	2 009 736	1 809 505
Grants and subsidies paid		171 505	141 855	226 657	164 022
General expenses	31	7 586 422	7 346 543	7 505 576	7 396 952
Losses on disposal of property, plant and equipment		9 650	5 668	9 647	5 610
Total expenditure		36 508 453	34 316 984	36 423 373	33 710 898
Surplus from operations		6 440 781	5 044 978	6 242 063	5 381 924
Discontinued operation					
Deficit from discontinued operation	32	-	-	-	(27 479)
NET SURPLUS FROM CONTINUED OPERATIONS BEFORE TAXATION		6 440 781	5 044 978	6 242 063	5 409 403
Taxation	33	(5 861)	118 548	-	-
NET SURPLUS FROM CONTINUED OPERATIONS		6 434 920	5 163 526	6 242 063	5 409 403
Attributable to owners of the controlling entity		6 429 704	5 253 351		
Attributable to non-controlling interest		5 216	(89 825)		
SURPLUS FOR THE YEAR		6 434 920	5 163 526		

¹ Comparative restated: see note 38 for more details.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2018

Rand thousands (R'000)

Economic entity						
	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Non-controlling interest	Total
2017						
Balance as at 30 June 2017	331 568	2 880 321	561 296	33 728 516	407 779	37 909 480
Correction of error	-	-	-	(211 700)	-	(211 700)
2018						
Restated balance as at 1 July 2017 ¹	331 568	2 880 321	561 296	33 516 816	407 779	37 697 780
Restated surplus ¹	-	-	-	5 253 351	-	5 163 526
Surplus for the year	-	-	-	5 568 194	(89 825)	5 478 369
Correction of error	-	-	-	(314 843)	-	(314 843)
Share purchases by non-controlling interest holders	35 075	784 791	17 032	(836 898)	-	-
Property, plant and equipment purchased	(7 354)	(1 137 649)	-	1 145 003	-	-
Balance as at 30 June 2018	359 289	2 527 463	578 328	39 078 272	317 954	42 861 306
2019						
Surplus for the year	-	-	-	6 429 704	5 216	6 434 920
Transfer to/(from)	59 695	1 940 663	10 447	(2 010 805)	-	-
Property, plant and equipment purchased	(9 633)	(667 333)	-	676 966	-	-
Balance as at 30 June 2019	409 351	3 800 793	588 775	44 174 137	323 170	49 296 226

¹ Comparative restated: see note 38 for more details.

Municipality of Cape Town					
	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Total
2017					
Balance as at 30 June 2017	331 568	2 880 321	561 296	33 505 777	37 278 962
Correction of error	-	-	-	(211 700)	(211 700)
2018					
Restated balance as at 1 July 2017 ¹	331 568	2 880 321	561 296	33 294 077	37 067 262
Restated surplus ¹	-	-	-	5 381 924	5 381 924
Surplus for the year	-	-	-	5 696 767	5 696 767
Correction of error	-	-	-	(314 843)	(314 843)
Transfer to/(from)	35 075	784 791	17 032	(836 898)	-
Property, plant and equipment purchased	(7 354)	(1 137 649)	-	1 145 003	-
Restated balance as at 30 June 2018 ¹	359 289	2 527 463	578 328	38 984 106	42 449 186
2019					
Surplus for the year	-	-	-	6 242 063	6 242 063
Transfer to/(from)	59 695	1 940 663	10 447	(2 010 805)	-
Property, plant and equipment purchased	(9 633)	(667 333)	-	676 966	-
Balance as at 30 June 2019	409 351	3 800 793	588 775	43 892 330	48 691 249

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

	Note	Economic entity		Municipality of Cape Town	
		2019	Restated ¹ 2018	2019	Restated ¹ 2018
CASH FLOW FROM OPERATING ACTIVITIES					
CONTINUED OPERATION					
Cash receipts from ratepayers, government and other		38 816 489	35 152 027	38 596 345	34 909 543
Cash paid to suppliers and employees		(30 286 978)	(28 102 472)	(30 085 454)	(27 925 502)
Cash generated from operations	34	8 529 511	7 049 555	8 510 891	6 984 041
Finance income		1 447 788	1 173 010	1 427 759	1 150 625
Finance costs		(693 161)	(690 644)	(692 316)	(689 667)
Taxation		(4 037)	(3 402)	-	-
Net cash from continued operations		9 280 101	7 528 519	9 246 334	7 444 999
DISCONTINUED OPERATION					
Cash receipts from ratepayers, government and other					6 039
Cash paid to suppliers and employees					(33 518)
Net cash from discontinued operation	32				(27 479)
NET CASH FROM OPERATING ACTIVITIES		9 280 101	7 528 519	9 246 334	7 417 520
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment and other		(5 466 264)	(5 710 806)	(5 392 818)	(5 588 905)
Proceeds on disposal of assets		152 679	98 669	151 009	98 239
Decrease in long-term receivables		7 513	15 030	7 513	15 030
Increase in investments		(936 183)	(629 444)	(936 202)	(629 489)
NET CASH FROM INVESTING ACTIVITIES		(6 242 255)	(6 226 551)	(6 170 498)	(6 105 125)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		196 420	1 000 473	196 420	1 000 000
Repayment of borrowings		(370 744)	(307 619)	(368 901)	(305 920)
Increase in deposits		42 524	38 426	29 302	29 950
NET CASH FROM FINANCING ACTIVITIES		(131 800)	731 280	(143 179)	724 030
NET INCREASE IN CASH AND CASH EQUIVALENTS	35	2 906 046	2 033 248	2 932 657	2 036 425
Cash and cash equivalents at the beginning of the year		5 806 824	3 773 576	5 486 618	3 450 193
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		8 712 870	5 806 824	8 419 275	5 486 618

¹ Comparative restated: see notes 38 for more details.



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – economic entity

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Classification differences ²	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
STATEMENT OF FINANCIAL POSITION								
Total non-current assets	39.2.1	52 845 678	52 845 678	52 710 479	-	52 710 479	135 199	0,26
Total current assets		20 472 426	20 472 426	18 958 018	-	18 958 018	1 514 408	7,40
Total assets		73 318 104	73 318 104	71 668 497	-	71 668 497	1 649 607	2,25
Total non-current liabilities		14 289 354	14 289 354	13 154 745	-	13 154 745	1 134 609	7,94
Total current liabilities	i	11 669 266	11 669 266	9 217 527	-	9 217 527	2 451 739	21,01
Total liabilities		25 958 620	25 958 620	22 372 272	-	22 372 272	3 586 348	13,82
Total net assets		47 359 484	47 359 484	49 296 225	-	49 296 225	(1 936 741)	(4,09)
Total net assets and liabilities		73 318 104	73 318 104	71 668 497	-	71 668 497	1 649 607	2,25
STATEMENT OF FINANCIAL PERFORMANCE								
Property rates	39.2.2	9 362 895	9 362 895	9 312 393	216 628	9 529 021	(166 126)	(1,77)
Service charges		19 444 420	19 444 420	19 754 555	(857 330)	18 897 225	547 195	2,81
Investment revenue	i	952 550	952 550	1 503 497	(361 404)	1 142 093	(189 543)	(19,90)
Transfers recognised - operational		7 441 863	7 441 863	4 468 913	2 580 305	7 049 218	392 645	5,28
Other own revenue	ii	3 311 885	3 311 885	5 754 046	(1 900 375)	3 853 671	(541 786)	(16,36)
Total revenue (excluding capital transfers and contributions)		40 513 613	40 513 613	40 793 404	(322 176)	40 471 228	42 385	0,10
Employee costs		12 641 536	12 620 261	12 429 037	29 786	12 458 823	161 438	1,28
Remuneration of councillors		169 990	169 990	153 100	8 940	162 040	7 950	4,68
Debt impairment	iii	2 401 678	2 401 678	1 770 219	(184 309)	1 585 910	815 768	33,97
Depreciation and asset impairment		2 896 718	2 896 718	2 703 073	29 648	2 732 721	163 997	5,66
Finance charges		910 258	908 139	754 000	80 056	834 056	74 083	8,16
Materials and bulk purchases		10 308 408	10 350 649	8 644 621	1 292 508	9 937 129	413 520	4,00
Transfers and grants	iv	489 401	487 839	171 505	165 311	336 816	151 023	30,96
Other expenditure		9 024 144	9 006 859	9 882 898	(1 766 285)	8 116 613	890 246	9,88
Total expenditure		38 842 133	38 842 133	36 508 453	(344 345)	36 164 108	2 678 025	6,89
Surplus		1 671 480	1 671 480	4 284 951	22 169	4 307 120	(2 635 640)	(157,68)
Transfers recognised - capital	v	2 543 596	2 543 596	2 079 448	1 472	2 080 920	462 676	18,19
Contributions recognised - capital and contributed assets		54 525	54 525	76 382	(23 641)	52 741	1 784	3,27
Surplus after capital transfers and contributions		4 269 601	4 269 601	6 440 781	-	6 440 781	(2 171 180)	(50,85)

^{1/ 2} see note 39 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – economic entity

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Recognition differences ³	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
CASH FLOW STATEMENT	39.2.3							
Net cash from operating	i	7 783 578	7 783 578	9 280 101	-	9 280 101	(1 496 523)	(19,23)
Net cash from investing		(6 089 668)	(6 089 668)	(6 242 255)	-	(6 242 255)	152 587	(2,51)
Net cash from financing	ii	212 247	212 247	(131 800)	-	(131 800)	344 047	162,10
Net increase in cash and cash equivalents		1 906 157	1 906 157	2 906 046	-	2 906 046	(999 889)	(52,46)
CAPITAL EXPENDITURE	39.3.1							
Community Services and Health	i	313 947	313 947	295 246	(1 015)	294 231	19 716	6,28
Corporate Services	ii	269 714	269 714	252 050	-	252 050	17 664	6,55
Economic Opportunities and Asset Management		283 893	283 893	274 402	(1 688)	272 714	11 179	3,94
Energy and Climate Change	iii	863 238	863 238	740 525	8 931	749 456	113 782	13,18
Finance		26 851	26 851	26 224	-	26 224	627	2,34
Human Settlements	iv	732 986	732 986	671 564	14 444	686 008	46 978	6,41
Office of the City Manager	v	2 696	2 696	2 500	-	2 500	196	7,27
Safety and Security		212 649	212 649	207 023	(157)	206 866	5 783	2,72
Spatial Planning and Environment	vi	62 253	62 253	43 314	-	43 314	18 939	30,42
Transport	vii	1 169 139	1 169 139	987 340	-	987 340	181 799	15,55
Urban Management		23 477	23 477	22 429	-	22 429	1 048	4,46
Water and Waste Services	viii	2 675 289	2 675 289	1 873 061	(99 903)	1 773 158	902 131	33,72
Subsidiaries	ix	91 630	91 630	73 446	-	73 446	18 184	19,85
Total		6 727 762	6 727 762	5 469 124	(79 388)	5 389 736	1 338 026	19,89

^{1/3} see note 39 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – Municipality of Cape Town

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Classification differences ²	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
STATEMENT OF FINANCIAL POSITION								
Total non-current assets	39.2.1	52 845 678	52 845 678	52 356 003	-	52 356 003	489 675	0,93
Total current assets		20 472 426	20 472 426	18 597 560	-	18 597 560	1 874 866	9,16
Total assets		73 318 104	73 318 104	70 953 563	-	70 953 563	2 364 541	3,23
Total non-current liabilities		14 289 354	14 289 354	13 148 024	-	13 148 024	1 141 330	7,99
Total current liabilities	i	11 669 266	11 669 266	9 114 290	-	9 114 290	2 554 976	21,89
Total liabilities		25 958 620	25 958 620	22 262 314	-	22 262 314	3 696 306	14,24
Total net assets		47 359 484	47 359 484	48 691 249	-	48 691 249	(1 331 765)	(2,81)
Total net assets and liabilities		73 318 104	73 318 104	70 953 563	-	70 953 563	2 364 541	3,23
FINANCIAL PERFORMANCE								
Property rates	39.2.2	9 362 895	9 362 895	9 319 556	216 628	9 536 184	(173 289)	(1,85)
Service charges		19 476 569	19 476 569	19 765 158	(857 330)	18 907 828	568 741	2,92
Investment revenue	i	940 288	940 288	1 483 468	(361 404)	1 122 064	(181 776)	(19,33)
Transfers recognised - operational		7 369 203	7 369 203	4 468 913	2 580 305	7 049 218	319 985	4,34
Other own revenue	ii	3 033 368	3 033 368	5 475 448	(1 900 375)	3 575 073	(541 705)	(17,86)
Total revenue (excluding capital transfers and contributions)		40 182 323	40 182 323	40 512 543	(322 176)	40 190 367	(8 044)	(0,02)
Employee costs		12 522 677	12 501 402	12 335 769	29 786	12 365 555	135 847	1,09
Remuneration of councillors		169 640	169 640	152 357	8 940	161 297	8 343	4,92
Debt impairment	iii	2 401 378	2 401 378	1 767 257	(184 309)	1 582 948	818 430	34,08
Depreciation and asset impairment		2 850 051	2 850 051	2 802 364	29 648	2 832 012	18 039	0,63
Finance charges		906 679	904 560	753 155	80 056	833 211	71 349	7,89
Materials and bulk purchases		10 308 408	10 350 649	8 644 621	1 292 508	9 937 129	413 520	4,00
Transfers and grants	iv	489 401	487 839	226 657	165 311	391 968	95 871	19,65
Other expenditure		8 850 515	8 833 230	9 741 193	(1 766 285)	7 974 908	858 322	9,72
Total expenditure		38 498 749	38 498 749	36 423 373	(344 345)	36 079 028	2 419 721	6,29
Surplus		1 683 574	1 683 574	4 089 170	22 169	4 111 339	(2 427 765)	
Transfers recognised - capital	v	2 543 596	2 543 596	2 079 448	1 472	2 080 920	462 676	18,19
Contributions recognised - capital and contributed assets		54 525	54 525	73 445	(23 641)	49 804	4 721	8,66
Surplus after capital transfers and contributions		4 281 695	4 281 695	6 242 063	-	6 242 063	(1 960 368)	(45,78)

¹ / ² See note 39 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – Municipality of Cape Town

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Recognition differences ³	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
CASH FLOW STATEMENT	39.2.3							
Net cash from operating	i	7 783 578	7 783 578	9 246 334	-	9 246 334	(1 462 756)	(18,79)
Net cash from investing		(6 089 668)	(6 089 668)	(6 170 498)	-	(6 170 498)	80 830	(1,33)
Net cash from financing	ii	212 247	212 247	(143 179)	-	(143 179)	355 426	167,46
Net increase in cash and cash equivalents		1 906 157	1 906 157	2 932 657	-	2 932 657	(1 026 500)	(53,85)
CAPITAL EXPENDITURE	39.3.1							
Community Services and Health	i	313 947	313 947	295 246	(1 015)	294 231	19 716	6,28
Corporate Services	ii	269 714	269 714	252 050	-	252 050	17 664	6,55
Economic Opportunities and Asset Management		283 893	283 893	274 402	(1 688)	272 714	11 179	3,94
Energy and Climate Change	iii	863 238	863 238	740 525	8 931	749 456	113 782	13,18
Finance		26 851	26 851	26 224	-	26 224	627	2,34
Human Settlements	iv	732 986	732 986	671 564	14 444	686 008	46 978	6,41
Office of the City Manager	v	2 696	2 696	2 500	-	2 500	196	7,27
Safety and Security		212 649	212 649	207 023	(157)	206 866	5 783	2,72
Spatial Planning and Environment	vi	62 253	62 253	43 314	-	43 314	18 939	30,42
Transport	vii	1 169 139	1 169 139	987 340	-	987 340	181 799	15,55
Urban Management		23 477	23 477	22 429	-	22 429	1 048	4,46
Water and Waste Services	viii	2 675 289	2 675 289	1 873 061	(99 903)	1 773 158	902 131	33,72
Total		6 636 132	6 636 132	5 395 678	(79 388)	5 316 290	1 319 842	19,89

^{1/3} See note 39 for more details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Entity's operations. This note presents information about the Entity's exposure to each of the above risks, policies and processes for measuring and managing risk, as well as the Entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The accounting policy for financial instruments was applied to the following statement of financial position items:

	Amortised costs	Fair value	Total carrying amount	Fair value
2019				
Financial assets				
Investments	2 649 360	4 864 661	7 514 021	7 598 769
Long-term receivables	32 631	-	32 631	32 631
Receivables	6 213 435	-	6 213 435	6 213 435
Other receivables	932 870	-	932 870	932 870
Cash and cash equivalents	8 025 825	681 726	8 707 551	8 707 551
TOTAL	17 854 121	5 546 387	23 400 508	23 485 256
Derivative financial assets				
Forward exchange contracts	-	-	-	-
2018				
Financial assets				
Investments	2 411 026	4 166 812	6 577 838	6 599 770
Long-term receivables	40 144	-	40 144	40 144
Receivables	5 623 092	-	5 623 092	5 623 092
Other receivables	834 151	-	834 151	834 151
Cash and cash equivalents	4 855 819	945 686	5 801 505	5 801 505
TOTAL	13 764 232	5 112 498	18 876 730	18 898 662
Derivative financial assets				
Forward exchange contracts	11	-	11	11

The 2018 comparative amount has been restated - see note 38.

	Amortised cost	Total carrying amount	Fair value
2019			
Non-derivative financial liabilities			
Borrowings	6 707 184	6 707 184	7 218 312
Payables	4 839 444	4 839 444	4 839 444
TOTAL	11 546 628	11 546 628	12 057 756
Derivative financial liabilities			
Forward exchange contracts	56	56	56
2018			
Non-derivative financial liabilities			
Borrowings	6 879 835	6 879 835	6 044 235
Payables	4 867 062	4 867 062	4 867 062
TOTAL	11 746 897	11 746 897	10 911 297

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.1 Fair values

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Level 1	Level 2	Level 3	Total
2019				
Financial assets				
Investments	4 250 245	614 416	-	4 864 661
Cash and cash equivalents	-	681 726	-	681 726
TOTAL	4 250 245	1 296 142	-	5 546 387
Derivative financial assets				
Forward exchange contracts	-	-	-	-

2018				
Financial assets				
Investments	1 097 090	3 069 722	-	4 166 812
Cash and cash equivalents	-	945 686	-	945 686
TOTAL	1 097 090	4 015 408	-	5 112 498
Derivative financial assets				
Forward exchange contracts	11	-	-	11

2019				
Financial liabilities				
Long-term borrowings	6 698 533	-	-	6 698 533
Derivative financial liabilities				
Forward exchange contracts	56	-	-	56

2018				
Financial liabilities				
Long-term borrowings	6 869 341	-	-	6 869 341

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.2 Liquidity risk

Liquidity risk is the risk of the Entity not being able to meet its obligations as they fall due. The Entity's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incurring unacceptable losses or risking damage to the Entity's reputation. This is achieved by using cash flow forecasts.

The following are contractual liabilities of which interest is included in borrowings:

	Up to 1 year	1-5 years	>5 years	Total
2019				
Non-derivative financial liabilities	5 910 442	5 720 035	3 543 797	15 174 274
Borrowings	1 070 998	5 720 035	3 543 797	10 334 830
Capital repayments	359 393	3 272 436	3 075 355	6 707 184
Interest	711 605	2 447 599	468 442	3 627 646
Payables	4 839 444	-	-	4 839 444
Trade payables	4 462 559	-	-	4 462 559
Sundry creditors	376 885	-	-	376 885
Derivative Liabilities	56	-	-	56
Forward exchange contracts	56	-	-	56
	5 910 498	5 720 035	3 543 797	15 174 330

1.3 Credit risk

Credit risk is the risk of financial loss to the Entity if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the Entity's investments, receivables, and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was as follows:

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
Investments	7 514 021	6 577 838	7 514 021	6 577 819
Long-term receivables – see note 7	32 631	40 144	32 631	40 144
Receivables and other receivables	7 146 305	6 457 243	7 084 730	6 442 283
Cash and cash equivalents	8 707 551	5 801 505	8 413 956	5 481 299
TOTAL	23 400 508	18 876 730	23 045 338	18 541 545

The 2018 comparative amount has been restated - see note 38.

Investments, and cash and cash equivalents

The Entity limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk.

Long-term receivables

Loans were granted and are managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined and, where appropriate, the Entity obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances. No further loans have been awarded.

Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in its objectives, policies and processes for managing and measuring the risk during the year in review. The Entity's strategy for managing its risk includes encouraging residents to install water demand management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.3 Credit risk (continued)

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Entity has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest debtors represent 1,59% (2018: 1,56%) of the total outstanding balance. The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after the due date. The Entity has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 9 and 10.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be contested in writing and can lead to a renegotiated fine.

1.4 Capital management

The primary objective of managing the Entity's capital is to ensure that there is sufficient cash available to support the Entity's funding requirements, including capital expenditure, so that the Entity remains financially sound. This is done by means of the following key ratios:

- **Cost coverage ratio**, which is used to calculate the Entity's ability to meet its monthly operating commitments from cash and short-term investments without collecting any additional revenue, during that month.
- **Net-debt-to-income ratio**, which is used to determine the affordability of total borrowings to be funded from operating revenue.

1.5 Price risk

The Entity is exposed to price risk because of investments held by the Entity and classified as financial instruments carried at fair value. The Entity is not exposed to commodity price risk. To manage its price risk arising from investments, the Entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Entity. The exposure to price risk is not material to the Entity and, consequently, is not elaborated on any further.

1.6 Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign-exchange rates affecting the Entity's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

1.6.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Entity's exposure to the risk of changes in market rates relates primarily to the Entity's investments with floating interest rates.

The effective rates on financial instruments as at 30 June 2019 were as follows:

	Maturity of interest-bearing assets/liabilities				
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	Total
Financial assets					
Investments	8,21	3 214 057	3 054 621	1 927 068	8 195 746
Cash and cash equivalents	7,28	8 025 825	-	-	8 025 825
TOTAL		11 239 882	3 054 621	1 927 068	16 221 571
Financial liabilities					
Borrowings	10,05	359 393	3 272 436	3 075 355	6 707 184

Sensitivity analysis

Financial assets

As at 30 June 2019, if the weighted average interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R161,46 million, with the opposite effect if the interest rate had been 100 basis points lower. The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a one-percent movement in interest rates.

Financial liabilities

Changes in the interest rate as at 30 June 2019 would have have no impact on the statement of financial performance, as all borrowings are at a fixed interest rate.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.6 Market risk (continued)

1.6.2 Currency risk

The Entity is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The Entity manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The Entity manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement so as to predetermine the rand value of the contracted goods or services.

Sensitivity analysis

As at 30 June 2019, if the foreign-exchange rate at that date had been 5% higher, with all other variables held constant, the surplus for the year would have increased by R77 711,93 due to the changes in the carrying value of the foreign-exchange asset at the reporting date, with the opposite effect if the foreign exchange rate had been 5% lower.

2. PROPERTY, PLANT AND EQUIPMENT

Economic entity						
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	5 551 734	(1 898 592)	3 653 142	5 295 131	(1 870 692)	3 424 439
Infrastructure	42 645 904	(13 397 550)	29 248 354	39 017 783	(12 001 275)	27 016 508
Community	9 483 241	(3 238 814)	6 244 427	9 224 175	(2 952 476)	6 271 699
Other	10 354 849	(5 926 826)	4 428 023	9 400 823	(5 305 930)	4 094 893
Service concession	1 382 175	(675 334)	706 841	1 411 417	(576 910)	834 507
Housing rental stock	3 102 806	(1 091 440)	2 011 366	3 115 668	(1 021 046)	2 094 622
TOTAL	72 520 709	(26 228 556)	46 292 153	67 464 997	(23 728 329)	43 736 668

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2019							
Land and buildings	3 424 439	213 062	101 935	(260)	(79 557)	(6 477)	3 653 142
Infrastructure	27 016 508	(140 645)	3 768 873	(38)	(1 393 773)	(2 571)	29 248 354
Community	6 271 699	32 650	226 581	-	(286 503)	-	6 244 427
Other	4 094 893	(147 880)	1 253 498	(19 829)	(749 792)	(2 867)	4 428 023
Service concession	834 507	-	121	(11 910)	(95 846)	(20 031)	706 841
Housing rental stock	2 094 622	15 729	6 597	(6 037)	(99 295)	(250)	2 011 366
TOTAL	43 736 668	(27 084)	5 357 605	(38 074)	(2 704 766)	(32 196)	46 292 153

(See annexure B for more details.)

As at 30 June 2018

Land and buildings	3 476 850	235 171	245 848	(361)	(62 122)	(470 947)	3 424 439
Infrastructure	25 032 151	(505 094)	3 725 408	-	(1 231 734)	(4 223)	27 016 508
Community	5 868 983	308 678	368 892	(15)	(274 143)	(696)	6 271 699
Other	3 702 058	(103 634)	1 185 003	(19 949)	(667 507)	(1 078)	4 094 893
Service concession	955 541	481	268	-	(116 809)	(4 974)	834 507
Housing rental stock	2 132 052	-	63 172	(3 445)	(97 157)	-	2 094 622
TOTAL	41 167 635	(64 398)	5 588 591	(23 770)	(2 449 472)	(481 918)	43 736 668

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Municipality of Cape Town						
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	4 159 361	(984 941)	3 174 420	3 828 532	(924 880)	2 903 652
Infrastructure	42 645 904	(13 397 550)	29 248 354	39 017 783	(12 001 275)	27 016 508
Community	9 483 241	(3 238 814)	6 244 427	9 224 175	(2 952 476)	6 271 699
Other	10 106 002	(5 788 178)	4 317 824	9 267 974	(5 235 196)	4 032 778
Service concession	1 382 175	(675 334)	706 841	1 411 417	(576 910)	834 507
Housing rental stock	3 102 806	(1 091 440)	2 011 366	3 115 668	(1 021 046)	2 094 622
TOTAL	70 879 489	(25 176 257)	45 703 232	65 865 549	(22 711 783)	43 153 766

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2019							
Land and buildings	2 903 652	264 090	66 739	-	(56 132)	(3 929)	3 174 420
Infrastructure	27 016 508	(140 645)	3 768 873	(38)	(1 393 773)	(2 571)	29 248 354
Community	6 271 699	32 650	226 581	-	(286 503)	-	6 244 427
Other	4 032 778	(189 543)	1 217 936	(19 384)	(721 096)	(2 867)	4 317 824
Service concession	834 507	-	121	(11 910)	(95 846)	(20 031)	706 841
Housing rental stock	2 094 622	15 729	6 597	(6 037)	(99 295)	(250)	2 011 366
TOTAL	43 153 766	(17 719)	5 286 847	(37 369)	(2 652 645)	(29 648)	45 703 232

As at 30 June 2018							
Land and buildings	2 545 255	235 171	169 485	(361)	(45 303)	(595)	2 903 652
Infrastructure	25 032 151	(505 094)	3 725 408	-	(1 231 734)	(4 223)	27 016 508
Community	5 868 983	308 678	368 892	(15)	(274 143)	(696)	6 271 699
Other	3 662 509	(103 634)	1 139 502	(19 551)	(644 970)	(1 078)	4 032 778
Service concession	955 541	481	268	-	(116 809)	(4 974)	834 507
Housing rental stock	2 132 052	-	63 172	(3 445)	(97 157)	-	2 094 622
TOTAL	40 196 491	(64 398)	5 466 727	(23 372)	(2 410 116)	(11 566)	43 153 766

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
Assets under construction – carrying value				
Land and buildings	62 982	199 201	-	-
Infrastructure	2 525 750	2 600 717	2 525 750	2 600 717
Community	168 214	217 903	168 214	217 903
Other	218 124	368 406	218 124	368 406
	2 975 070	3 386 227	2 912 088	3 187 026
PPE projects				
• <i>Significantly delayed</i>				
Land and buildings	62 982	199 201	-	-
Infrastructure	13 517	227 170	13 517	227 170
Community	568	27 695	568	27 695
TOTAL	77 067	454 066	14 085	254 865
The significant delays are mainly due to delays in the construction of a new electricity depot worth R9,60 million (2018: R8,63 million) and the roll-out of certain sections of the integrated rapid transit (IRT) network worth R2,00 million (2018: R150,55 million).				
The comparative amount of land and buildings has been restated from R393,42 million to R199,20 million that relates to the expansion of the convention centre (CTICC2).				
• <i>Halted</i>				
Infrastructure	133 996	-	133 996	-
Community	17 366	277 748	17 366	277 748
TOTAL	151 362	277 748	151 362	277 748
These halted projects are mainly due to supply chain management (SCM) processes outstanding in the construction of a waste water treatment works worth R125,10 million (2018: R0) and safety concerns in an integrated Manenberg project worth R16,99 million (2018: R0).				

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
Capital commitments - approved and contracted for capital expenditure				
Infrastructure	3 294 374	1 651 658	3 294 374	1 651 658
Community	3 864	63 446	3 864	63 446
Other	187 110	325 253	168 802	312 963
TOTAL	3 485 348	3 467 040	3 467 040	2 028 067

Capital commitments represent future capital expenditure, exclusive of VAT. The City is obligated to spend these amounts due to signed contracts with suppliers.

Repairs and maintenance

The Entity's amount is R2,73 billion (2018: R2,46 billion) for the financial reporting year. In determining the repairs and maintenance amount, the Entity has exclusively disclosed amounts charged by service providers.

Residual value

During the current financial year, the Entity reviewed the estimated useful lives and residual values of PPE, where appropriate (see note 38).

Service concession assets

The City of Cape Town has made service concession arrangements with three operators on the MyCiTi IRT system. Included are IRT buses and related depots. The City does however retain full control over the nature, timing and extent of the services that the operators must perform.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment of non-cash-generating assets

The recoverable amount of impaired assets is R12,77 million (2018: 53,79 million). Impairment losses arise mainly from damage to movable and immovable assets due to accidents and protest actions.

Impairment of cash-generating assets

A value-in-use amount of R512,9 million (2018: R491 million) was determined for the CTICC1 and 2 buildings combined. The current carrying value of R515,4 million (2018: R961 million) was established for the relevant assets in that cash generating unit. This has resulted in the recognition of an impairment loss of R2,5 million (2018: R470 million).

The considerations, methods and significant assumptions applied in arriving at the value-in-use are as follows:

- Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the Convention Centre can be determined through an arm's-length transaction between a willing buyer and a willing seller and, as such, the value-in-use of the centre has been used to determine whether the building's carrying value may not be recoverable.
- The value-in-use of the Convention Centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value it generates for other entities or business sectors.
- No value could be attached to the Convention Centre at the end of its useful life due to its disposal being highly unlikely, with no reliable basis for measuring the disposal value.
- The two buildings of the business are considered a single cash-generating unit and are evaluated accordingly when testing for impairment.
- The value-in-use was estimated using a discounted cash flow model which incorporated approved budget figures for a 3 year projection period. Cash flows were forecast for an additional 4 years assuming inflationary revenue growth of 6,5% for both CTICC 1 and CTICC 2.
- A discount rate of 13,41% (2018: 14,04%) was used, which was calculated using the risk-free rate of the R186 bond of 8,10% adjusted by 5,31 % points to take into account the company's long-term borrowing cost of 9,30%, a Beta of 0,90 as well as a market risk premium of 6,10% for uncertainty regarding timing and extent of future cash flows.

3. HERITAGE ASSETS

	Economic entity					
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 280	-	10 280	8 891	-	8 891

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2019					
Paintings and museum items	8 891	-	1 389	-	10 280
(See annexure B for more details.)					
As at 30 June 2018					
Paintings and museum items	8 904	(13)	-	-	8 891

Heritage assets are held at cost, as it is impractical to determine their fair value.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

3. HERITAGE ASSETS (continued)

Municipality of Cape Town						
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 280	-	10 280	8 891	-	8 891

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2019					
Paintings and museum items	8 891	-	1 389	-	10 280
As at 30 June 2018					
Paintings and museum items	8 904	(13)	-	-	8 891

4. INVESTMENT PROPERTY

Economic entity						
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(59 682)	582 961	642 681	(57 968)	584 713

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2019						
Land and buildings	584 713	(13)	-	(1 714)	(25)	582 961
(See annexure B for more details.)						
As at 30 June 2018						
Land and buildings	586 427	-	-	(1 714)	-	584 713

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

4. INVESTMENT PROPERTY (continued)

Municipality of Cape Town						
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(59 682)	582 961	642 681	(57 968)	584 713

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2019						
Land and buildings	584 713	(13)	-	(1 714)	(25)	582 961

As at 30 June 2018
Land and buildings

586 427	-	-	(1 714)	-	584 713
---------	---	---	---------	---	---------

5. INTANGIBLE ASSETS

Economic entity						
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(354 637)	206 804	561 441	(284 457)	276 984
Computer software	1 140 773	(646 360)	494 413	1 003 979	(564 924)	439 055
TOTAL	1 702 214	(1 000 997)	701 217	1 565 420	(849 380)	716 040

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Carrying value
As at 30 June 2019					
Acquisition of rights	276 984	-	-	(70 180)	206 804
Computer software	439 056	26 302	110 130	(81 075)	494 413
TOTAL	716 040	26 302	110 130	(151 255)	701 217

(See annexure B for more details.)

As at 30 June 2018
Acquisition of rights
Computer software
TOTAL

347 049	116	-	(70 180)	276 985
331 822	64 293	127 931	(84 991)	439 055
678 871	64 409	127 931	(155 171)	716 040

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

5. INTANGIBLE ASSETS (continued)

	Municipality of Cape Town					
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(354 637)	206 804	561 441	(284 457)	276 984
Computer software	1 129 306	(642 932)	486 374	1 003 942	(564 917)	439 025
TOTAL	1 690 747	(997 569)	693 178	1 565 383	(849 374)	716 009

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Carrying value
As at 30 June 2019					
Acquisition of rights	276 984	-	-	(70 180)	206 804
Computer software	439 025	17 732	107 442	(77 825)	486 374
TOTAL	716 009	17 732	107 442	(148 005)	693 178

As at 30 June 2018

Acquisition of rights	347 048	116	-	(70 180)	276 984
Computer software	331 823	64 293	127 894	(84 985)	439 025
TOTAL	678 871	64 409	127 894	(155 165)	716 009

6. INVESTMENTS

	Economic entity			
	Amortised cost	Fair value	Cost	Total
As at 30 June 2019				
RSA Government stock	82 567	-	-	82 567
Guaranteed investment instruments	2 503 446	-	-	2 503 446
Other fixed deposits	7 669 483	-	-	7 669 483
Other financial instruments	-	-	-	-
Deposits held with fund managers	-	5 546 387	-	5 546 387
	10 255 496	5 546 387	-	15 801 883
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	10 250 177	5 546 387	-	15 796 564
Transferred to current investments	(73 333)	(2 458 997)	-	(2 532 330)
Transferred to cash and cash equivalents – see note 11	(7 606 136)	(681 726)	-	(8 287 862)
TOTAL	2 570 708	2 405 664	-	4 976 372

As at 30 June 2018

RSA Government stock	82 838	-	-	82 838
Guaranteed investment instruments	2 264 754	-	-	2 264 754
Other fixed deposits	4 573 223	-	-	4 573 223
Other financial instruments	-	19	-	19
Deposits held with fund managers	-	5 112 479	-	5 112 479
	6 920 815	5 112 498	-	12 033 313
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	6 915 496	5 112 498	-	12 027 994
Transferred to current investments	(63 412)	(1 918 164)	-	(1 981 576)
Transferred to cash and cash equivalents – see note 11	(4 509 789)	(945 686)	-	(5 455 475)
TOTAL	2 342 295	2 248 648	-	4 590 943

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

6. INVESTMENTS (continued)

Municipality of Cape Town				
	Amortised cost	Fair value	Cost	Total
As at 30 June 2019				
RSA Government stock	82 567	-	-	82 567
Guaranteed investment instruments	2 503 446	-	-	2 503 446
Other fixed deposits	7 498 423	-	-	7 498 423
Deposits held with fund managers	-	5 546 387	-	5 546 387
Shares in CTICC	-	-	833 998	833 998
	10 084 436	5 546 387	833 998	16 464 821
Provision for impairment	(5 319)	-	(467 811)	(473 130)
Net investments	10 079 117	5 546 387	366 187	15 991 691
Transferred to current investments	(73 333)	(2 458 997)	-	(2 532 330)
Transferred to cash and cash equivalents – see note 11	(7 435 076)	(681 726)	-	(8 116 802)
TOTAL	2 570 708	2 405 664	366 187	5 342 559
As at 30 June 2018				
RSA Government stock	82 838	-	-	82 838
Guaranteed investment instruments	2 264 754	-	-	2 264 754
Other fixed deposits	4 354 545	-	-	4 354 545
Deposits held with fund managers	-	5 112 479	-	5 112 479
Shares in CTICC	-	-	833 998	833 998
	6 702 137	5 112 479	833 998	12 648 614
Provision for impairment	(5 319)	-	(313 149)	(318 468)
Net investments	6 696 818	5 112 479	520 849	12 330 146
Transferred to current investments	(63 412)	(1 918 164)	-	(1 981 576)
Transferred to cash and cash equivalents – see note 11	(4 291 111)	(945 686)	-	(5 236 797)
TOTAL	2 342 295	2 248 629	520 849	5 111 773

Guaranteed investment instruments

A total of R2,50 billion (2018: R2,26 billion) has been ring-fenced for the repayment of the long-term liabilities – see note 12 for more details.

Collateral deposits for staff housing loans

Included in other fixed deposits are fixed deposits with a carrying value of R20 thousand (2018: R40 thousand), which were pledged as security deposits for securing staff home loans with financial institutions.

These pledges are repaid as soon as the employees' outstanding home loan balance is below 80% of the approved loan amount. The Entity has not issued fixed deposits as security since 2000. However, interest earned on certain deposits are still being capitalised. The Entity's exposure to risk is minimised by an insurance policy taken out by the employee and ceded to the Entity to cover the guaranteed deposit.

Compensation for occupational injuries and diseases (COLD investments)

Pledged RSA Government stock (bonds) of R82,57 million (2018: R82,84 million) and fixed deposits of R63,34 million (2018: R0) were purchased at the request of the Department of Labour in terms of the Occupational Injuries and Diseases Act 130 of 1993 as the Compensation Commissioner is required to hold the physical scrip and guarantees as security for the City's liabilities under the Act.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

7. LONG-TERM RECEIVABLES

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
Other	624	906	624	906
Provision for impairment	897 (273)	4 498 (3 592)	897 (273)	4 498 (3 592)
Housing selling developments	32 007	39 238	32 007	39 238
Provision for impairment	33 888 (1 881)	47 648 (8 410)	33 888 (1 881)	47 648 (8 410)
Transferred to current receivables	32 631 (8 838)	40 144 (14 290)	32 631 (8 838)	40 144 (14 290)
TOTAL	23 793	25 854	23 793	25 854
Reconciliation of impairment provision				
Balance at beginning of the year	12 002	13 058	12 002	13 058
Contribution from provisions	(9 848)	(1 056)	(9 848)	(1 056)
Balance as at 30 June	2 154	12 002	2 154	12 002

7.1 Other

Sporting bodies

To facilitate the development of sporting facilities, loans were historically issued to provide the necessary financial assistance. These loans attract interest at a rate of 3,63% to 12% per annum, and are repayable over a maximum period of 20-40 years.

Housing land sale

The long-term loan to the Khayelitsha Community Trust (KCT) (sale of portion 1 to 3, erf 58856) is repayable over 18 years. Annual payments are received, with the final payment due in 2024.

Public organisations

Loans to public organisations were granted in terms of the National Housing Policy. At present, these loans attract interest at 1%, and are repayable over 30 years. With the implementation of the MFMA and the Housing Act, no further loans have been awarded.

7.2 Housing selling development loans

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 10,25% (2018: 10%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

The gross debt has decreased due to the implementation of the Ownership Regularisation Programme which assists in making customers aware of the Enhanced Extended Discount Benefit Scheme. This scheme assists qualifying beneficiaries and occupants with subsidies in order to accelerate transfers of their properties, resulting in the increased level of payments received and have therefore caused a significant decrease of the provision for impairment.

8. INVENTORY

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
Consumable stock	331 558	357 270	329 491	355 679
Water	48 631	42 049	48 631	42 049
Other goods held for use/resale	57 869	73 999	57 869	73 999
TOTAL	438 058	473 318	435 991	471 727

Inventory to the value of R0,52 million (2018: R0,33 million) was scrapped during the year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

9. RECEIVABLES

	Economic entity					
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	7 683 161	(3 770 834)	3 912 327	6 997 295	(3 534 909)	3 462 386
Service debtors	6 644 735	(2 966 457)	3 678 278	6 063 377	(2 771 475)	3 291 902
Housing rental stock	714 284	(579 722)	134 562	613 542	(544 588)	68 954
Housing selling stock	198 517	(173 756)	24 761	201 779	(172 933)	28 846
Other exchange debtors	125 625	(50 899)	74 726	118 597	(45 913)	72 684
From non-exchange transactions	3 295 821	(994 713)	2 301 108	2 945 905	(785 199)	2 160 706
Rates debtors	3 234 505	(989 747)	2 244 758	2 902 567	(780 645)	2 121 922
Other non-exchange debtors	61 316	(4 966)	56 350	43 338	(4 554)	38 784
TOTAL	10 978 982	(4 765 547)	6 213 435	9 943 200	(4 320 108)	5 623 092

As at 30 June 2019, the City's receivables balance included an amount of R241,28 million (2018: R199,34 million), owed by National Government and Province.

	2019	2018
Reconciliation of impairment provision		
Balance at beginning of the year	4 320 108	3 844 285
Contributions to provisions	945 320	689 796
Transfers from provisions	(7 215)	(6 864)
Bad debt written off	(492 666)	(207 109)
Balance as at 30 June	4 765 547	4 320 108

The 2018 comparative amount has been restated – see note 38.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

9. RECEIVABLES (continued)

Economic entity - continued						
	Analysis of receivables' age in days					
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	7 683 161	(3 770 834)	3 912 327	6 997 295	(3 534 909)	3 462 386
Service debtors	6 644 735	(2 966 457)	3 678 278	6 063 377	(2 771 475)	3 291 902
Not past due date	1 779 621	(123 106)	1 656 515	1 798 327	(89 428)	1 708 899
Past due						
0-90	813 083	(61 424)	751 659	886 699	(58 406)	828 293
91-365	1 425 282	(155 178)	1 270 104	818 735	(64 025)	754 710
365+	2 626 749	(2 626 749)	-	2 559 616	(2 559 616)	-
• Electricity	1 831 809	(359 865)	1 471 944	1 663 192	(328 438)	1 334 754
Not past due date	921 748	(20 239)	901 509	889 685	(11 740)	877 945
Past due						
0-90	383 621	(8 423)	375 198	346 894	(4 577)	342 317
91-365	199 621	(4 384)	195 237	116 023	(1 531)	114 492
365+	326 819	(326 819)	-	310 590	(310 590)	-
• Water	3 024 398	(1 623 589)	1 400 809	2 841 804	(1 653 828)	1 187 976
Not past due date	465 228	(60 092)	405 136	538 149	(69 242)	468 907
Past due						
0-90	280 770	(36 266)	244 504	399 463	(51 390)	348 073
91-365	862 587	(111 418)	751 169	425 768	(54 772)	370 996
365+	1 415 813	(1 415 813)	-	1 478 424	(1 478 424)	-
• Waste management	687 999	(398 871)	289 128	565 488	(335 654)	229 834
Not past due date	131 139	(15 500)	115 639	109 543	(6 694)	102 849
Past due						
0-90	88 237	(10 429)	77 808	27 428	(1 676)	25 752
91-365	108 506	(12 825)	95 681	107 821	(6 588)	101 233
365+	360 117	(360 117)	-	320 696	(320 696)	-
• Wastewater management	1 100 529	(584 132)	516 397	992 893	(453 555)	539 338
Not past due date	261 506	(27 275)	234 231	260 950	(1 752)	259 198
Past due						
0-90	60 455	(6 306)	54 149	112 914	(763)	112 151
91-365	254 568	(26 551)	228 017	169 123	(1 134)	167 989
365+	524 000	(524 000)	-	449 906	(449 906)	-

The 2018 comparative amount has been restated – see note 38.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

9. RECEIVABLES (continued)

Economic entity - continued						
Analysis of receivables' age in days - continued						
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS (continued)						
Housing rental stock	714 284	(579 722)	134 562	613 542	(544 588)	68 954
Not past due date	78 082	(21 364)	56 718	72 611	(46 558)	26 053
Past due						
0-90	34 788	(9 518)	25 270	54 072	(34 671)	19 401
91-365	72 376	(19 802)	52 574	65 496	(41 996)	23 500
365+	529 038	(529 038)	-	421 363	(421 363)	-
Housing selling stock	198 517	(173 756)	24 761	201 779	(172 933)	28 846
Not past due date	2 091	(151)	1 940	343	(62)	281
Past due						
0-90	14 287	(1 580)	12 707	19 149	(3 488)	15 661
91-365	10 642	(528)	10 114	15 778	(2 874)	12 904
365+	171 497	(171 497)	-	166 509	(166 509)	-
Other exchange debtors	125 625	(50 899)	74 726	118 597	(45 913)	72 684
Not past due date	39 962	(1 304)	38 658	40 587	-	40 587
Past due						
0-90	18 979	(619)	18 360	16 141	-	16 141
91-365	18 305	(597)	17 708	15 956	-	15 956
365+	48 379	(48 379)	-	45 913	(45 913)	-
FROM NON-EXCHANGE TRANSACTIONS	3 295 821	(994 713)	2 301 108	2 945 905	(785 199)	2 160 706
Rates debtors	3 234 505	(989 747)	2 244 758	2 902 567	(780 645)	2 121 922
Not past due date	1 783 211	(75 870)	1 707 341	1 908 577	(25 699)	1 882 878
Past due						
0-90	160 524	(6 820)	153 704	46 271	(622)	45 649
91-365	400 740	(17 027)	383 713	196 030	(2 635)	193 395
365+	890 030	(890 030)	-	751 689	(751 689)	-
Other non-exchange debtors	61 316	(4 966)	56 350	43 338	(4 554)	38 784
Not past due date	27 493	(1 912)	25 581	29 486	-	29 486
Past due						
0-90	9 035	(628)	8 407	6 567	(793)	5 774
91-365	24 034	(1 672)	22 362	4 007	(483)	3 524
365+	754	(754)	-	3 278	(3 278)	-
TOTAL	10 978 982	(4 765 547)	6 213 435	9 943 200	(4 320 108)	5 623 092

The 'Not past due date' category represents customers who have not exceeded the 30-day credit period granted by the City to pay their invoices. It also includes debtors to the value of R836,57 million (2018: R818,72 million) who have arranged to repay their outstanding arrear debt over a renegotiated period.

The 2018 comparative amount has been restated – see note 38.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

9. RECEIVABLES (continued)

Municipality of Cape Town						
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	7 683 161	(3 770 834)	3 912 327	6 997 295	(3 534 909)	3 462 386
Service debtors	6 644 735	(2 966 457)	3 678 278	6 063 377	(2 771 475)	3 291 902
Housing rental stock	714 284	(579 722)	134 562	613 542	(544 588)	68 954
Housing selling stock	198 517	(173 756)	24 761	201 779	(172 933)	28 846
Other exchange debtors	125 625	(50 899)	74 726	118 597	(45 913)	72 684
From non-exchange transactions	3 298 308	(994 713)	2 303 595	2 949 213	(785 199)	2 164 014
Rates debtors	3 236 992	(989 747)	2 247 245	2 905 875	(780 645)	2 125 230
Other non-exchange debtors	61 316	(4 966)	56 350	43 338	(4 554)	38 784
TOTAL	10 981 469	(4 765 547)	6 215 922	9 946 508	(4 320 108)	5 626 400

	2019	2018
Reconciliation of impairment provision		
Balance at beginning of the year	4 320 108	3 844 285
Contributions to provisions	945 320	689 796
Transfers from provisions	(7 215)	(6 864)
Bad debts written off	(492 666)	(207 109)
Balance as at 30 June	4 765 547	4 320 108

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

9. RECEIVABLES (continued)

Municipality of Cape Town - continued						
	Analysis of receivables' age in days					
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	7 683 161	(3 770 834)	3 912 327	6 997 295	(3 534 909)	3 462 386
Service debtors	6 644 735	(2 966 457)	3 678 278	6 063 377	(2 771 475)	3 291 902
Not past due date	1 779 621	(123 106)	1 656 515	1 798 327	(89 428)	1 708 899
Past due						
0-90	813 083	(61 424)	751 659	886 699	(58 406)	828 293
91-365	1 425 282	(155 178)	1 270 104	818 735	(64 025)	754 710
365+	2 626 749	(2 626 749)	-	2 559 616	(2 559 616)	-
• Electricity	1 831 809	(359 865)	1 471 944	1 663 192	(328 438)	1 334 754
Not past due date	921 748	(20 239)	901 509	889 685	(11 740)	877 945
Past due						
0-90	383 621	(8 423)	375 198	346 894	(4 577)	342 317
91-365	199 621	(4 384)	195 237	116 023	(1 531)	114 492
365+	326 819	(326 819)	-	310 590	(310 590)	-
• Water	3 024 398	(1 623 589)	1 400 809	2 841 804	(1 653 828)	1 187 976
Not past due date	465 228	(60 092)	405 136	538 149	(69 242)	468 907
Past due						
0-90	280 770	(36 266)	244 504	399 463	(51 390)	348 073
91-365	862 587	(111 418)	751 169	425 768	(54 772)	370 996
365+	1 415 813	(1 415 813)	-	1 478 424	(1 478 424)	-
• Waste management	687 999	(398 871)	289 128	565 488	(335 654)	229 834
Not past due date	131 139	(15 500)	115 639	109 543	(6 694)	102 849
Past due						
0-90	88 237	(10 429)	77 808	27 428	(1 676)	25 752
91-365	108 506	(12 825)	95 681	107 821	(6 588)	101 233
365+	360 117	(360 117)	-	320 696	(320 696)	-
• Wastewater management	1 100 529	(584 132)	516 397	992 893	(453 555)	539 338
Not past due date	261 506	(27 275)	234 231	260 950	(1 752)	259 198
Past due						
0-90	60 455	(6 306)	54 149	112 914	(763)	112 151
91-365	254 568	(26 551)	228 017	169 123	(1 134)	167 989
365+	524 000	(524 000)	-	449 906	(449 906)	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

9. RECEIVABLES (continued)

Municipality of Cape Town - continued						
Analysis of receivables' age in days - continued						
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS (continued)						
Housing rental stock	714 284	(579 722)	134 562	613 542	(544 588)	68 954
Not past due date	78 082	(21 364)	56 718	72 611	(46 558)	26 053
Past due						
0-90	34 788	(9 518)	25 270	54 072	(34 671)	19 401
91-365	72 376	(19 802)	52 574	65 496	(41 996)	23 500
365+	529 038	(529 038)	-	421 363	(421 363)	-
Housing selling stock	198 517	(173 756)	24 761	201 779	(172 933)	28 846
Not past due date	2 091	(151)	1 940	343	(62)	281
Past due						
0-90	14 287	(1 580)	12 707	19 149	(3 488)	15 661
91-365	10 642	(528)	10 114	15 778	(2 874)	12 904
365+	171 497	(171 497)	-	166 509	(166 509)	-
Other exchange debtors	125 625	(50 899)	74 726	118 597	(45 913)	72 684
Not past due date	39 962	(1 304)	38 658	40 587	-	40 587
Past due						
0-90	18 979	(619)	18 360	16 141	-	16 141
91-365	18 305	(597)	17 708	15 956	-	15 956
365+	48 379	(48 379)	-	45 913	(45 913)	-
FROM NON-EXCHANGE TRANSACTIONS	3 298 308	(994 713)	2 303 595	2 949 213	(785 199)	2 164 014
Rates debtors	3 236 992	(989 747)	2 247 245	2 905 875	(780 645)	2 125 230
Not past due date	1 785 698	(75 870)	1 709 828	1 911 885	(25 699)	1 886 186
Past due						
0-90	160 524	(6 820)	153 704	46 271	(622)	45 649
91-365	400 740	(17 027)	383 713	196 030	(2 635)	193 395
365+	890 030	(890 030)	-	751 689	(751 689)	-
Other non-exchange debtors	61 316	(4 966)	56 350	43 338	(4 554)	38 784
Not past due date	27 493	(1 912)	25 581	29 486	-	29 486
Past due						
0-90	9 035	(628)	8 407	6 567	(793)	5 774
91-365	24 034	(1 672)	22 362	4 007	(483)	3 524
365+	754	(754)	-	3 278	(3 278)	-
TOTAL	10 981 469	(4 765 547)	6 215 922	9 946 508	(4 320 108)	5 626 400

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

10. OTHER RECEIVABLES

	Economic entity					
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	464 273	(75 192)	389 081	429 321	(106 303)	323 018
Payments made in advance	116 396	-	116 396	48 984	-	48 984
Property rentals	83 393	(61 342)	22 051	68 721	(60 875)	7 846
Other exchange debtors	264 484	(13 850)	250 634	311 616	(45 428)	266 188
From non-exchange transactions	2 212 777	(1 552 592)	660 185	2 050 141	(1 490 024)	560 117
Government subsidies	99 856	-	99 856	23 058	-	23 058
Traffic fines	1 888 903	(1 552 592)	336 311	1 819 949	(1 490 024)	329 925
Other non-exchange debtors	224 018	-	224 018	207 134	-	207 134
TOTAL	2 677 050	(1 627 784)	1 049 266	2 479 462	(1 596 327)	883 135

	2019	2018
Reconciliation of impairment provision		
Balance at beginning of the year	1 596 327	1 415 798
Contributions to provisions	999 364	1 000 785
Transfer from provisions	(34 300)	-
Bad debt written off	(933 607)	(820 256)
Balance as at 30 June	1 627 784	1 596 327

The 2018 comparative amount has been restated - see note 38.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

10. OTHER RECEIVABLES (continued)

Economic entity - continued						
	Analysis of receivables' age in days					
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	464 273	(75 192)	389 081	429 321	(106 303)	323 018
Payment made in advance	116 396	-	116 396	48 984	-	48 984
Not past due date	116 396	-	116 396	48 984	-	48 984
Property rentals	83 393	(61 342)	22 051	68 721	(60 875)	7 846
Not past due date	12 503	(626)	11 877	(3 744)	284	(3 460)
Past due						
0-90	6 669	(335)	6 334	(8 385)	636	(7 749)
91-365	4 042	(202)	3 840	20 620	(1 565)	19 055
365+	60 179	(60 179)	-	60 230	(60 230)	-
Other exchange debtors	264 484	(13 850)	250 634	311 616	(45 428)	266 188
Not past due date	182 346	(120)	182 226	242 136	(34)	242 102
Past due						
0-90	64 698	(1 731)	62 967	17 668	(1 107)	16 561
91-365	5 622	(181)	5 441	7 562	(37)	7 525
365+	11 818	(11 818)	-	44 250	(44 250)	-
FROM NON-EXCHANGE TRANSACTIONS	2 212 777	(1 552 592)	660 185	2 050 141	(1 490 024)	560 117
Government subsidies	99 856	-	99 856	23 058	-	23 058
Not past due date	99 856	-	99 856	23 058	-	23 058
Traffic fines	1 888 903	(1 552 592)	336 311	1 819 949	(1 490 024)	329 925
Past due						
0-90	298 727	(244 531)	54 196	221 577	(180 786)	40 791
91-365	776 810	(635 880)	140 930	326 753	(266 599)	60 154
365+	813 366	(672 181)	141 185	1 271 619	(1 042 639)	228 980
Other non-exchange debtors	224 018	-	224 018	207 134	-	207 134
Not past due date	224 018	-	224 018	207 134	-	207 134
TOTAL	2 677 050	(1 627 784)	1 049 266	2 479 462	(1 596 327)	883 135

The 2018 comparative amount has been restated - see note 38.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

10. OTHER RECEIVABLES (continued)

Municipality of Cape Town						
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	398 528	(73 509)	325 019	406 398	(105 225)	301 173
Payments made in advance	116 396	-	116 396	45 407	-	45 407
Property rentals	83 393	(61 342)	22 051	68 721	(60 875)	7 846
Other exchange debtors	198 739	(12 167)	186 572	292 270	(44 350)	247 920
From non-exchange transactions	2 212 777	(1 552 592)	660 185	2 050 141	(1 490 024)	560 117
Government subsidies	99 856	-	99 856	23 058	-	23 058
Traffic fines	1 888 903	(1 552 592)	336 311	1 819 949	(1 490 024)	329 925
Other non-exchange debtors	224 018	-	224 018	207 134	-	207 134
TOTAL	2 611 305	(1 626 101)	985 204	2 456 539	(1 595 249)	861 290

	2019	2018
Reconciliation of impairment provision		
Balance at beginning of the year	1 595 249	1 415 609
Contributions to provisions	998 759	999 897
Transfers from provisions	(34 300)	-
Bad debt written off	(933 607)	(820 257)
Balance as at 30 June	1 626 101	1 595 249

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

10. OTHER RECEIVABLES (continued)

Municipality of Cape Town - continued						
	Analysis of receivables' age in days					
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	398 528	(73 509)	325 019	406 398	(105 225)	301 173
Payment made in advance	116 396	-	116 396	45 407	-	45 407
Not past due date	116 396	-	116 396	45 407	-	45 407
Property rentals	83 393	(61 342)	22 051	68 721	(60 875)	7 846
Not past due date	12 503	(626)	11 877	(3 744)	284	(3 460)
Past due						
0-90	6 669	(335)	6 334	(8 385)	636	(7 749)
91-365	4 042	(202)	3 840	20 620	(1 565)	19 055
365+	60 179	(60 179)	-	60 230	(60 230)	-
Other exchange debtors	198 739	(12 167)	186 572	292 270	(44 350)	247 920
Not past due date	182 346	(120)	182 226	242 136	(34)	242 102
Past due						
0-90	311	(48)	263	4 962	(29)	4 933
91-365	4 264	(181)	4 083	922	(37)	885
365+	11 818	(11 818)	-	44 250	(44 250)	-
FROM NON-EXCHANGE TRANSACTIONS	2 212 777	(1 552 592)	660 185	2 050 141	(1 490 024)	560 117
Government subsidies	99 856	-	99 856	23 058	-	23 058
Not past due date	99 856	-	99 856	23 058	-	23 058
Traffic fines	1 888 903	(1 552 592)	336 311	1 819 949	(1 490 024)	329 925
Past due						
0-90	298 727	(244 531)	54 196	221 577	(180 786)	40 791
91-365	776 810	(635 880)	140 930	326 753	(266 599)	60 154
365+	813 366	(672 181)	141 185	1 271 619	(1 042 639)	228 980
Other non-exchange debtors	224 018	-	224 018	207 134	-	207 134
Not past due date	224 018	-	224 018	207 134	-	207 134
TOTAL	2 611 305	(1 626 101)	985 204	2 456 539	(1 595 249)	861 290

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
11. CASH AND CASH EQUIVALENTS (BANK AND CASH)				
Amortised cost	8 031 144	4 861 138	7 737 549	4 540 932
Bank balance*	368 324	311 119	245 953	209 735
Year-end accruals	473	466	473	466
Cash on hand and in transit	56 211	39 764	56 047	39 620
Call and short-term deposits – see note 6	7 606 136	4 509 789	7 435 076	4 291 111
Fair value – see note 6	681 726	945 686	681 726	945 686
Call and short-term deposits	668 840	934 710	668 840	934 710
Bank accounts managed by fund managers*	12 886	10 976	12 886	10 976
TOTAL	8 712 870	5 806 824	8 419 275	5 486 618

*See annexure C for more details.

12. BORROWINGS

Marketable bonds	5 163 986	5 268 213	5 163 986	5 268 213
Concessionary loans	1 431 797	1 433 991	1 431 797	1 433 991
Other loans	111 401	177 631	102 750	167 137
Subtotal – see annexure A for more details	6 707 184	6 879 835	6 698 533	6 869 341
Transferred to current liabilities	(429 527)	(378 608)	(427 596)	(376 803)
TOTAL	6 277 657	6 501 227	6 270 937	6 492 538

A total of R2,50 billion (2018: R2,26 billion) has been ring-fenced for the repayment of the long-term liabilities – see note 6 for more details.

MARKETABLE BONDS	5 163 986	5 268 213	5 163 986	5 268 213
Marketable bonds	5 163 986	5 268 213	5 163 986	5 268 213
In terms of the Entity's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R5,05 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 10,17% and 12,57% per annum. Interest is payable semi-annually for all bonds. Capital will be redeemed by way of a bullet repayment on the final redemption date for CCT01, CCT02 and CCT03, and by way of semi-annual capital redemptions for CCT04 (Green bond). The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02), 15 March 2025 (CCT03) and 17 July 2027 (CCT04 – Green bond). Guaranteed investment instruments have been established for the repayment of CCT01, CCT02 and CCT03 by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).				
CONCESSIONARY LOANS	1 431 797	1 433 991	1 431 797	1 433 991
Agence Française de Développement (AFD)	1 297 027	1 426 349	1 297 027	1 426 349
An unsecured loan, bearing interest at an average fixed rate of 5,76% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028. Nominal value as at 30 June 2019 was R1,43 billion (2018: R1,59 billion).				

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

12. BORROWINGS (continued)

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
CONCESSIONARY LOANS (continued)				
Nedcor Bank An unsecured loan, bearing interest at a fixed rate of 1% per annum, payable annually. The loan capital was fully repaid on 31 May 2019.	-	41	-	41
Development Bank of Southern Africa (DBSA) An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 5% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 30 June 2020. Nominal value as at 30 June 2019 was R4 million (2018: R8 million).	3 878	7 601	3 878	7 601
KfW Development Bank An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 8,107% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. The loan will be received in three tranches with tranche 1 and 2 received during the 2019 financial year, and tranche 3 to be received in the following financial year. This loan will be fully paid on 15 November 2033. Nominal value as at 30 June 2019 was R153 million.	130 892	-	130 892	-
OTHER LOANS	111 401	177 631	102 750	167 137
DBSA Unsecured loans, bearing interest at fixed rates ranging between 9,42% and 10,56% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans have various final redemption dates, ranging from 30 June 2020 to 31 December 2022.	102 750	156 602	102 750	156 602
ABSA Bank An unsecured loan, bearing interest at a fixed rate of 10,90% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. Final redemption took place on 2 July 2018.	-	10 535	-	10 535
ABSA - Brackenfell Business Improvement District NPC This loan is secured by motor vehicles, bears interest at prime related interest rate, and is repayable in monthly instalments as agreed with ABSA.	30	101	-	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

	2019	2018	2019	2018
OTHER LOANS (continued)				
DBSA – Claremont Road Bypass Company	8 452	10 143	-	-
Interest is charged at the nominal fixed rate of RSA Government bond R186, plus 154 basis points per annum.				
Repayable in 28 equal six-monthly instalments, having commenced on 30 September 2009.				
Secured by an agreement of cession from Claremont Improvement District Company (association incorporated under section 21) (cedent) over their right and title to the levies collected by the City of Cape Town from the Claremont Improvement District ratepayers in terms of the cooperation agreement.				
The cedent, the Claremont Road Bypass Company and the City of Cape Town concluded a cooperation agreement in terms of which the City of Cape Town undertook to pay to the cedent levies collected from the ratepayers within the Claremont Improvement District.				
Nedbank – Montague Gardens	169	250	-	-
This liability is secured by a motor vehicle, attracts interest at a rate of between 12,25% and 12,5% per annum, and is repayable over a remaining period of 21 months.				
TOTAL – see annexure A for more details	6 707 184	6 879 835	6 698 533	6 869 341

For more details about short-term debt facilities available to the Entity, see annexure C.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

13. RETIREMENT BENEFIT INFORMATION

The Entity makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act 24 of 1956, and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R1,21 billion (2018: R1,11 billion) to the DB and DC schemes are expensed as incurred during the year in review.

These schemes are subject to a triennial, biennial or annual actuarial valuation, as set out below.

13.1 Defined-benefit schemes

LA Retirement Fund (multi-employer fund)

The last statutory actuarial valuation of the fund was performed at 30 June 2016, at which stage the fund found the pensioners and DB deferred members account to be in a sound financial position. The valuation indicated a R116,9 million surplus with an overall funding level of 106,1% for the DB section and pensioners account respectively at the financial year-end. An interim valuation was performed at 30 June 2018, which indicated a R63,4 million surplus with an overall funding level of 103,7% for the DB section and pensioners account respectively at year-end.

South African Local Authorities (SALA) Pension Fund (multi-employer fund)

The fund is a DB plan and in the opinion of the actuary, the fund investment policy and nature of the fund's assets are adequate to match the nature of the fund's liabilities. It was 96% funded as at 1 July 2018, and has deteriorated slightly since the previous statutory valuation date.

13.2 Defined-contribution schemes

- LA Retirement Fund (multi-employer fund)
- South African Local Authorities (SALA) Pension Fund (multi-employer fund)
- Cape Retirement Fund for Local Authorities (multi-employer fund)
- Municipal Councillors' Pension Fund (multi-employer fund)
- National Fund for Municipal Workers (multi-employer fund)
- Municipal Workers' Retirement Fund (multi-employer fund)
- Cape Town International Convention Centre Company SOC Limited (RF) Provident Fund

13.3 Defined-benefit and defined-contribution scheme

Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates as both a DB and DC scheme. A statutory actuarial valuation of the fund was performed as at 30 June 2018, which certified it as being in a financially sound position.

	DB section	DC section	Total
In-service members	196	9 436	9 632
Pensioners	2 725	1 882	4 607
Membership as at 30 June 2018	2 921	11 318	14 239

	2018 R'million	2017 R'million
Past-service position: DC section	11 489	10 418
DB section	3 952	4 255
Total liabilities	15 441	14 673
Assets valued at market value	15 548	14 728
Actuarial surplus	-	-

	%	%
Key financial assumptions		
Actual employer contribution: DB section	20,25	20,25
DC section	18,00	18,00
Net discount rate: Pre-retirement	0,64	1,03
Post-retirement	2,64	3,03
Normal retirement age	65 years	65 years

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

14. PROVISIONS (NON-CURRENT)

Economic entity						
	Long-service leave benefits	Environmental rehabilitation	Post-retirement healthcare benefits	Post-retirement pension benefits	Taxi compensation	Total
As at 30 June 2019						
Balance as at 1 July 2018	599 277	319 035	5 280 300	14 503	12 062	6 225 177
Interest costs	61 063	33 629	560 299	1 671	-	656 662
Service costs	52 140	-	89 535	488	-	142 163
Benefit/rehabilitation payments	(62 372)	(1 976)	(243 188)	(580)	(787)	(308 903)
Actuarial (losses)/gains	(24 501)	-	214 865	(2 659)	-	187 705
Change in estimate	-	48 504	-	-	-	48 504
Transferred from current provisions	79 206	1 546	245 333	2 260	-	328 345
	704 813	400 738	6 147 144	15 683	11 275	7 279 653
Current portion of provision	(86 529)	(54 850)	(259 038)	(2 149)	-	(402 566)
TOTAL	618 284	345 888	5 888 106	13 534	11 275	6 877 087

Municipality of Cape Town						
	Long-service leave benefits	Environmental rehabilitation	Post-retirement healthcare benefits	Post-retirement pension benefits	Taxi compensation	Total
As at 30 June 2019						
Balance as at 1 July 2018	599 277	319 035	5 280 300	14 503	12 062	6 225 177
Interest costs	61 063	33 629	560 299	1 671	-	656 662
Service costs	52 140	-	89 535	488	-	142 163
Benefit/rehabilitation payments	(62 372)	(1 976)	(243 188)	(580)	(787)	(308 903)
Actuarial (losses)/gains	(24 501)	-	214 865	(2 659)	-	187 705
Change in estimate	-	48 504	-	-	-	48 504
Transferred from current provisions	79 206	1 546	245 333	2 260	-	328 345
	704 813	400 738	6 147 144	15 683	11 275	7 279 653
Current portion of provision	(86 529)	(54 850)	(259 038)	(2 149)	-	(402 566)
TOTAL	618 284	345 888	5 888 106	13 534	11 275	6 877 087

14.1 Long-service leave benefits

An actuarial valuation has been performed of the Entity's liability for vested long-service leave benefits to which employees may become entitled upon completion of 10 years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

Discount rate

The fund benefit liability as at 30 June 2019 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. The long-term yield on the zero-coupon government bond as at 30 June 2019 was used to determine the discount rates and consumer price index (CPI) assumptions at each relevant time period.

Key financial assumptions	2019	2018
	%	%
Discount rate	8,38	9,00
Consumer price inflation	5,28	6,22
Salary increase	6,28	7,22

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

14. PROVISIONS (NON-CURRENT) (continued)

14.2 Environmental rehabilitation

In terms of the Entity's licensing stipulations on waste landfill sites, provision is made for the estimated cost of rehabilitating waste sites for the portion of land used, or contaminated at the reporting date. The provision has been determined based on an independent valuation performed by a firm of consulting engineers on 30 June 2019. The provision estimate was changed as described in note 38.3.

Key cost parameters	2019	2018
Estimated dates of reaching full capacity	between 2018 and 2032	between 2019 and 2032
Estimated post closure rehabilitation time	4 years	3 years
Period for monitoring post closure	30 years	-
Average estimated annual inflation rate	4,65%	4,57%
Discount rate at the average borrowing rate	11,23%	10,27%

14.3 Post-retirement healthcare defined benefits

An actuarial valuation has been performed of the Entity's liability in respect of healthcare benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the Entity, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and the actual contributions paid to members by the Entity.

For past service of in-service and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement medical-aid employer contributions on an accrual basis, using the projected unit credit method.

The members of medical aid schemes entitled to a post-employment medical scheme subsidy as at 30 June 2019 constituted 6 708 (2018: 7 287) in-service members and 6 898 (2018: 6 857) pensioners.

It was assumed that the employer's healthcare arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits and contributions would remain unchanged, with the exception of inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidisation from in-service members to retiree members within the medical scheme are sustainable and will continue.

It is further assumed that the subsidy will continue for eligible members and their spouses until the last survivor's death.

Continuation of membership

It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the Entity will remain on the employer's healthcare arrangements.

Family profile

Family profile was based on actual data and, therefore, no assumptions had to be made.

Plan assets

Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment healthcare liability.

Discount rate

The fund benefit liability to the Entity as at 30 June 2019 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon government bonds curve.

Key financial assumptions	2019	2018
	%	%
Discount rate	10,13	10,14
Consumer price inflation	6,70	7,16
Healthcare cost inflation rate	8,70	8,16

Sensitivity analysis	Change in assumption	Liability	Service costs	Interest costs
Assumptions used		6 147 145	97 246	622 706
Healthcare inflation	1% decrease	5 411 901	81 055	548 226
	1% increase	7 034 556	117 434	712 601
Post-retirement mortality	20% decrease	6 719 965	105 610	680 732
	20% increase	5 696 443	90 624	577 050

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

14. PROVISIONS (NON-CURRENT) (continued)

14.4 Post-retirement pension defined benefits

An actuarial valuation has been performed of the Entity's liability in respect of retirement pension benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the Entity, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and the actual contributions paid to members by the Entity.

For past service of employees and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement revenue pensions on an accrual basis, using the projected unit credit method.

The number of employees who were eligible for a post-retirement pension as at 30 June 2019 was 17 (2018: 19) in-service employees and 60 (2018: 69) pensioners.

Plan assets

Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment retirement pension liability.

Discount rate

The fund benefit liability to the Entity as at 30 June 2019 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon government bonds curve.

Key financial assumptions	2019	2018
	%	%
Discount rate	9,75	9,97
Consumer price inflation	6,40	7,04
General salary inflation rate	8,40	9,04

15. DEPOSITS

Electricity and water

Other deposits

TOTAL

Economic entity		Municipality of Cape Town	
2019	2018	2019	2018
395 723	365 890	395 723	365 890
56 624	43 933	15 239	15 770
452 347	409 823	410 962	381 660

16. PROVISIONS (CURRENT)

	Economic entity						
	Long-service leave benefits	Environmental rehabilitation	Post-retirement benefits	Insurance and COLD claims	Leave benefits	Other provisions	Total
As at 30 June 2019							
Balance as at 1 July 2018	79 206	1 546	247 593	7 859	639 096	44 578	1 019 878
Utilised	(79 206)	(1 546)	(247 593)	-	(923 893)	(23 865)	(1 276 103)
Raised	-	-	-	8 781	914 171	37 446	960,398
Reversed	-	-	-	(364)	(9 613)	(13 911)	(23 888)
Change in estimate	-	-	-	-	70 701	-	70 701
Transfers from non-current	86 529	54 850	261 187	-	-	-	402 566
TOTAL	86 529	54 850	261 187	16 276	690 462	44 248	1 153 552

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

16. PROVISIONS (CURRENT) (continued)

Municipality of Cape Town							
	Long-service leave benefits	Environmental rehabilitation	Post-retirement benefits	Insurance and COVID claims	Leave benefits	Other provisions	Total
As at 30 June 2019							
Balance as at 1 July 2018	79 206	1 546	247 593	7 859	639 096	39 855	1 015 155
Utilised	(79 206)	(1 546)	(247 593)	-	(923 893)	(19 142)	(1 271 380)
Raised	-	-	-	8 781	914 171	31 869	954 821
Reversed	-	-	-	(364)	(9 613)	(13 911)	(23 888)
Change in estimate	-	-	-	-	70 701	-	70 701
Transfers from non-current	86 529	54 850	261 187	-	-	-	402 566
TOTAL	86 529	54 850	261 187	16 276	690 462	38 671	1 147 975

Leave benefits

Annual leave accrues to employees monthly, subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

17. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade and other creditors
Payments received in advance
Funds administrated on behalf of third parties
TOTAL

Economic entity		Municipality of Cape Town	
2019	2018	2019	2018
4 820 391	4 850 592	4 766 266	4 775 126
913 998	1 110 065	913 998	1 110 065
19 053	16 470	19 053	16 470
5 753 442	5 977 127	5 699 317	5 901 661

Payables are non-interest-bearing and are normally settled on 30-day terms, except for retentions, which are settled in terms of the contract agreement.

Payments received in advance are non-interest-bearing and normally settled on 30-day terms.

18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants from other spheres of government

National Government
Province

Other conditional receipts

Public contributions

TOTAL

1 155 398	963 071	1 155 398	963 071
856 209	577 867	856 209	577 867
299 189	385 204	299 189	385 204
142 772	104 674	142 772	104 674
142 772	104 674	142 772	104 674
1 298 170	1 067 745	1 298 170	1 067 745

See notes 25, 26 and annexure E for more details of grants from National Government and Province as well as public contributions.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
19. VALUE-ADDED TAX (VAT)				
VAT payable	608 386	390 215	608 386	390 215
Impairment adjustment	(62 810)	145 326	(62 810)	145 326
Total VAT payable	545 576	535 541	545 576	535 541
VAT receivable	(415 306)	(402 559)	(415 306)	(402 559)
TOTAL	130 270	132 982	130 270	132 982
The VAT liability was impaired as a result of impairment against debtors.				
20. HOUSING DEVELOPMENT FUND				
Realised housing proceeds				
Balance at beginning of the year	320 018	277 498	320 018	277 498
Income	48 872	44 099	48 872	44 099
Interest	20 579	18 705	20 579	18 705
Expenditure	(11 091)	(13 073)	(11 091)	(13 073)
Non-cash transfer to provision for impairment	-	(7 211)	-	(7 211)
Sponsored loans write-off	(1 034)	-	(1 034)	-
Balance at end of the year	377 344	320 018	377 344	320 018
Unrealised housing proceeds				
Balance at beginning of the year	39 271	54 070	39 271	54 070
Long-term loans realised	(17 112)	(15 855)	(17 112)	(15 855)
Transfer to impairment provision – selling schemes	9 848	1 544	9 848	1 544
Transfer from impairment provision – public organisations	-	(488)	-	(488)
Balance at end of the year	32 007	39 271	32 007	39 271
TOTAL	409 351	359 289	409 351	359 289
Unrealised housing proceeds represent loan repayments not yet due in terms of the debtor's loan agreement.				
21. SERVICE CHARGES				
Electricity	13 012 536	11 788 874	13 036 876	11 803 987
Water and wastewater	4 685 831	4 409 914	4 692 171	4 411 232
Solid waste	1 265 070	1 179 179	1 265 381	1 179 302
ICASA ECSN licence	26 206	23 656	26 206	23 656
Other	764 912	762 494	744 524	742 159
TOTAL	19 754 555	18 164 117	19 765 158	18 160 336
22. FINANCE INCOME				
Exchange transactions				
External investments	1 411 195	1 131 401	1 391 166	1 109 015
Outstanding debtors	1 193 654	957 465	1 173 625	935 079
Transferred interest to conditional grants	269 101	225 986	269 101	225 986
	(51 560)	(52 050)	(51 560)	(52 050)
Non-exchange transactions				
Outstanding debtors	92 302	76 885	92 302	76 885
TOTAL	1 503 497	1 208 286	1 483 468	1 185 900

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
23. OTHER INCOME				
Exchange transactions	714 495	757 428	369 622	434 876
Bulk infrastructure levies	192 384	188 127	192 384	188 127
Other income	274 008	247 806	145 849	124 676
Discount received	1 453	120 067	1 368	119 566
Gains on foreign-exchange transactions	2	55	2	55
Fair-value adjustments	30 019	2 452	30 019	2 452
CIDs	216 629	198 921	-	-
Non-exchange transactions				
CIDs	-	-	216 629	198 921
TOTAL	714 495	757 428	586 251	633 797

The City received services in kind to an estimated value of R16,55 million (2018: R12,24 million) in the form of volunteers.

24. PROPERTY RATES

Actual

Residential, commercial and other
Income forgone*

TOTAL

10 762 609	9 826 181	10 769 772	9 828 320
(1 450 216)	(1 357 933)	(1 450 216)	(1 357 933)
9 312 393	8 468 248	9 319 556	8 470 387

Valuations per category

Residential
Commercial
Agriculture
Public service infrastructure
Other

TOTAL valuation at commencement of financial year

843 683 505	780 211 424	843 683 505	780 211 424
265 792 562	242 767 984	265 792 562	242 767 984
5 179 551	6 184 089	5 179 551	6 184 089
5 053 282	5 170 313	5 053 282	5 170 313
101 735 052	139 188 262	101 735 052	139 188 262
1 221 443 952	1 173 522 072	1 221 443 952	1 173 522 072

The current general valuation (GV2015) took effect on 1 July 2016 and applies until 30 June 2019. It is based on market-related values. Property valuation adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions, are processed continuously. Municipal rates are levied daily in terms of the provisions of the rates policy, which makes provision for rebates and exemptions.

25. GOVERNMENT GRANTS AND SUBSIDIES

Unconditional grants

Conditional grants

National Government
Province

TOTAL

3 016 366	2 658 727	3 016 366	2 658 727
3 531 995	3 086 063	3 531 995	3 086 063
2 589 476	2 201 927	2 589 476	2 201 927
942 519	884 136	942 519	884 136
6 548 361	5 744 790	6 548 361	5 744 790

Analysis of government grants and subsidies

Operating
Capital

TOTAL

4 468 913	4 011 324	4 468 913	4 011 324
2 079 448	1 733 466	2 079 448	1 733 466
6 548 361	5 744 790	6 548 361	5 744 790

26. PUBLIC CONTRIBUTIONS

Conditional

Consumer connections
Contributed assets
Other

TOTAL

46 817	66 894	46 817	66 894
1 472	5 131	1 472	5 131
28 093	27 325	25 156	27 325
76 382	99 350	73 445	99 350

*Income forgone can be defined as any income that the City of Cape Town is entitled to by law to levy, but which has subsequently been forgone by way of remission.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
27. EMPLOYEE-RELATED COSTS				
Salaries, wages and allowances	11 502 110	10 550 906	11 408 842	10 469 207
Contributions and benefits paid: current provisions	5 292	4 396	5 292	4 396
Contributions: post-retirement and long-service benefits	952 901	422 637	952 901	422 637
Current service costs	142 163	137 759	142 163	137 759
Interest costs	623 033	601 551	623 033	601 551
Actuarial losses/(gains)	187 705	(316 673)	187 705	(316 673)
	12 460 303	10 977 939	12 367 035	10 896 240
Expenditure recharged to capital projects	(31 266)	(29 291)	(31 266)	(29 291)
TOTAL	12 429 037	10 948 648	12 335 769	10 866 949
28. IMPAIRMENT COSTS				
Receivables and other	1 583 361	1 558 011	1 582 947	1 556 933
Investments	-	-	154 662	67 917
Property, plant and equipment	32 196	481 918	29 648	11 566
TOTAL	1 615 557	2 039 929	1 767 257	1 636 416
The 2018 comparative amount has been restated – see note 38.				
29. FINANCE COSTS				
Borrowings	720 371	742 104	719 526	741 127
Unwinding of discount	33 629	40 798	33 629	40 798
TOTAL	754 000	782 902	753 155	781 925
The 2018 comparative amount has been restated - see note 38.				
30. BULK PURCHASES				
Electricity	8 281 772	7 870 527	8 281 772	7 870 527
Water	362 849	256 851	362 849	256 851
TOTAL	8 644 621	8 127 378	8 644 621	8 127 378
31. GENERAL EXPENSES				
Auditor remuneration	20 571	18 477	18 187	16 708
CID levies	-	-	210 130	192 953
Consultants	746 948	765 109	735 821	758 973
Free basic electricity (FBE) – Eskom service areas	140 677	120 225	141 472	119 996
Fair-value adjustments	763	6 857	763	6 857
Indigent relief	422 402	684 433	422 402	684 433
Inventory: scrapping	516	327	516	327
Loss on foreign-exchange transactions	7 006	145	7 043	137
Telecommunications	234 255	306 200	221 912	297 736
Building contractors	1 729 605	1 362 461	1 719 641	1 354 353
Fuel	314 016	272 450	313 649	272 059
Minor tools and equipment	548 898	513 625	513 126	479 569
Security services	782 251	576 350	646 765	562 878
Servicing of vehicle and equipment	501 344	536 202	489 474	527 719
Other expenditure	2 182 963	2 229 923	2 110 468	2 168 495
	7 632 215	7 392 784	7 551 369	7 443 193
Contributions from provisions	(42 982)	(42 644)	(42 982)	(42 644)
	7 589 233	7 350 140	7 508 387	7 400 549
Expenditure recharged to capital projects	(2 811)	(3 597)	(2 811)	(3 597)
TOTAL	7 586 422	7 346 543	7 505 576	7 396 952
The 2018 comparative has been restated - see note 38.				

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

32. ANALYSIS OF DISCONTINUED OPERATION

The Cape Town Stadium is a multi-purpose stadium situated at Fritz Sonnenberg Road, Green Point, Cape Town, 8051. The City of Cape Town and Cape Town Stadium (RF) SOC Limited entered into an Interim Service Delivery Agreement to transfer the operations and management of the stadium to Cape Town Stadium (RF) SOC Limited. Cape Town Stadium (RF) SOC Limited is a 100% owned subsidiary of the City of Cape Town. The agreement became effective on 1 February 2018, subject to the Interim Service Delivery Agreement. No assets or liabilities of the Cape Town Stadium were transferred to the new entity. The relevant staff originally working for that department have been seconded to the municipal entity after a due consultation process.

		Municipality of Cape Town
		2018
Revenue	Note	
Service charges	21	120
Rental of letting stock and facilities		5 894
Other income	23	25
Total revenue		6 039
Expenditure		
Employee-related costs	27	11 637
Contracted services		6 353
General expenses	31	15 528
Total expenditure		33 518
Deficit of discontinued operation		(27 479)

CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES

Discontinued operation

Cash receipts from ratepayers, government and other

6 039

Cash paid to suppliers and employees

(33 518)

Net cash from discontinued operation

(27 479)

DISCONTINUED OPERATION

A municipal entity was established in 2017 to manage and operate the Cape Town Stadium to achieve optimal commercialisation. The Cape Town Stadium operation is classified as a discontinued operation for the year ended 30 June 2018. Analysis of the result of the Cape Town Stadium operation is stated above.

Economic entity		Municipality of Cape Town	
2019	2018	2019	2018

33. TAXATION

33.1 DEFERRED TAXATION

CTICC

Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2018: 28%).

At beginning of the year

(136 443) (3 577)

Temporary differences

12 740 (132 866)

At end of the year

(123 703) (136 443)

The balance comprises

Capital allowance (non-deductible temporary differences)

(123 703) (136 443)

Total

(123 703) (136 443)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

33. TAXATION (continued)

33.2 TAXATION

Statement of financial performance charge

Current year: CTICC

Economic entity		Municipality of Cape Town	
2019	2018	2019	2018

5 861	(118 548)
5 861	(118 548)

34. CASH GENERATED FROM CONTINUED OPERATIONS

Surplus for the year	6 440 781	5 044 978	6 242 063	5 409 403
Adjustment for:	3 227 159	3 364 294	3 341 797	2 943 287
Depreciation	2 857 735	2 606 357	2 802 364	2 566 995
Contributed assets	(2 860)	(5 716)	(2 860)	(5 716)
Impairment	32 196	481 918	29 648	11 566
Unrealised foreign-exchange losses/(gains)	56	(11)	56	(11)
Fair value adjustment - borrowings	(25 537)	-	(25 537)	-
Gains and losses on disposal of assets	(113 785)	(74 899)	(113 615)	(74 867)
Contribution to provisions	751 955	125 678	751 101	125 915
Contribution to impairment provision - investment	476 896	656 351	154 662	67 917
Contribution to impairment provision - receivables and other	-	-	476 291	655 463
Finance income	(1 503 497)	(1 208 286)	(1 483 468)	(1 185 900)
Cash transactions	(1 447 788)	(1 173 010)	(1 427 759)	(1 150 625)
Non-cash transactions	(55 709)	(35 276)	(55 709)	(35 275)
Finance costs	754 000	782 902	753 155	781 925
Cash transactions	718 698	690 644	692 316	689 667
Non-cash transactions	35 302	92 258	60 839	92 258
Operating surplus before working capital changes	9 667 940	8 409 272	9 583 860	8 352 690
Decrease/(increase) in inventories	35 260	(147 584)	35 736	(147 191)
Increase in receivables	(980 073)	(1 043 171)	(979 252)	(1 043 355)
Increase in other receivables	(197 588)	(179 896)	(154 766)	(169 683)
Increase in unspent conditional grants and receipts	230 425	13 371	230 425	13 371
Decrease in payables	(223 741)	(42 053)	(202 400)	(61 407)
(Decrease)/increase in net VAT	(2 712)	39 616	(2 712)	39 616
CASH GENERATED FROM OPERATIONS	8 529 511	7 049 555	8 510 891	6 984 041

The 2018 comparative amount has been restated - see note 38.

35. CASH AND CASH EQUIVALENTS

Balance at the end of the year
Balance at the beginning of the year

NET INCREASE

8 712 870	5 806 824	8 419 275	5 486 618
5 806 824	3 773 576	5 486 618	3 450 193
2 906 046	2 033 248	2 932 657	2 036 425

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
36. OPERATING LEASE COMMITMENTS				
36.1 The Entity as lessee				
Future minimum lease payments under non-cancellable operating leases				
Buildings	99 447	23 853	98 748	22 435
Payable within one year	53 211	11 202	52 569	10 489
Payable within two to five years	46 236	12 651	46 179	11 946
Radio masts	1 484	890	1 484	890
Payable within one year	587	378	587	378
Payable within two to five years	897	406	897	406
Payable after five years	-	106	-	106
TOTAL	100 931	24 743	100 232	23 325

Minimum lease payments recognised as an expense during the period amounted to R50,74 million (2018: R62,73 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

36.2 The Entity as lessor

Future minimum lease income under non-cancellable operating leases

Buildings

Receivable within one year
Receivable within two to five years
Receivable after five years

TOTAL

61 677	60 224	61 677	60 224
195 492	183 991	195 492	183 991
454 253	485 205	454 253	485 205
711 422	729 420	711 422	729 420

The Entity lets properties under operating leases. Property rental income earned during the year was R58,37 million (2018: R54,03 million). The tenants maintain the properties at their cost. No investment properties have been disposed of since the date of the statement of financial performance.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an decrease of R12,21 million in current-year income.

37. CONTINGENT LIABILITIES

37.1 Contractual disputes

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation, but a provisional estimate for the Entity based on management assessment is R282,17 million (2018: R257,10 million).

The CTICC is subject to various claims which have arisen from the expansion project brought about by the principal building contractor and from professional services consultants. The company is also expecting to incur legal fees in the process of responding to these claims.

37.2 Outstanding insurance claims

The estimated liability for insurance claims amounts to R228,72 million (2018: R220,73 million). The estimated amount is based on quotations, medical reports and letters of demand received. The merits must still be determined, and could result in a lesser or greater amount.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

38. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES

38.1 Correction of error

Correction of rental billing that was billed in contravention with the Allocation policy: Housing opportunity.

A shortcoming in the GRAP traffic management report has been identified where fine statuses in the traffic contravention system were not correctly reflected as withdrawn and therefore erroneously remained in the receivables balance. This has therefore had an impact on prior year figures, where fines were still reflecting as outstanding on the traffic management report although, it should have been recorded as withdrawn.

38.2 Reclassification

The Entity performed a revision on the classification of expenditure accounts in terms of GRAP 1. This resulted in the reclassification of certain line items.

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by the prior-year adjustments.

	Note	Economic entity			
		As previously reported	Correction of error	Reclassification	Restated
1 July 2017					
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Receivables	9	5 025 960	(5 492)	-	5 020 468
Other receivables	10	1 089 975	(206 208)	-	883 767
TOTAL ASSETS		58 667 208	(211 700)	-	58 455 508
NET ASSETS					
Total net assets		37 909 480	(211 700)	-	37 697 780
Accumulated surplus		33 728 516	(211 700)	-	33 516 816
TOTAL NET ASSETS AND LIABILITIES		58 667 208	(211 700)	-	58 455 508
FINANCIAL RISK MANAGEMENT	1				
Financial assets					
Receivables		5 025 960	(5 492)	-	5 020 468
Other receivables		999 832	(206 208)	-	793 624
TOTAL CARRYING AMOUNT		15 797 617	(211 700)	-	15 585 917
RECEIVABLES	9				
Gross		8 987 439	(122 686)	-	8 864 753
Impairment		(3 961 479)	117 194	-	(3 844 285)
Net		5 025 960	(5 492)	-	5 020 468
OTHER RECEIVABLES	10				
Gross		3 563 588	(1 264 022)	-	2 299 566
Impairment		(2 473 613)	1 057 814	-	(1 415 799)
Net		1 089 975	(206 208)	-	883 767

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

38. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES (continued)

		Economic entity - continued			
	Note	As previously reported	Correction of error	Reclassification	Restated
30 June 2018					
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Receivables	9	5 630 019	(6 927)	-	5 623 092
Other receivables	10	1 402 751	(519 616)	-	883 135
TOTAL ASSETS		65 108 330	(526 543)	-	64 581 787
NET ASSETS					
Total net assets		43 387 849	(526 543)	-	42 861 306
Accumulated surplus		39 604 815	(526 543)	-	39 078 272
TOTAL NET ASSETS AND LIABILITIES		65 108 330	(526 543)	-	64 581 787
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
Exchange revenue					
Rental of letting stock and facilities		635 196	(19 305)	-	615 891
Non-exchange revenue					
Fines, penalties and forfeits		1 644 474	(99 162)	-	1 545 312
Total revenue		39 480 429	(118 467)	-	39 361 962
Expenditure					
Remuneration of councillors	40.2.1	155 579	-	(7 630)	147 949
Impairment costs	28	1 843 553	196 376	-	2 039 929
Finance costs	29	782 905	-	(3)	782 902
Contracted services		4 492 982	-	(2 531 080)	1 961 902
General expenses	31	4 807 830	-	2 538 713	7 346 543
Total expenditure		34 120 608	196 376	-	34 316 984
Surplus from operations		5 359 821	(314 843)	-	5 044 978
CASH FLOW STATEMENT					
Cash flow from operating activities					
Continued operation					
Cash paid to suppliers and employees		(28 102 469)	-	(3)	(28 102 472)
Cash generated from operations	34	7 049 558	-	(3)	7 049 555
Finance costs		(690 647)	-	3	(690 644)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

38. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES (continued)

		Economic entity - continued			
	Note	As previously reported	Correction of error	Reclassification	Restated
30 June 2018 - continued					
FINANCIAL RISK MANAGEMENT	1				
Financial assets					
Receivables		5 630 019	(6 927)	-	5 623 092
Other receivables		1 353 767	(519 616)	-	834 151
TOTAL CARRYING AMOUNT		19 403 273	(526 543)	-	18 876 730
RECEIVABLES	9				
Gross		10 085 191	(141 991)	-	9 943 200
Impairment		(4 455 172)	135 064	-	(4 320 108)
Net		5 630 019	(6 927)	-	5 623 092
OTHER RECEIVABLES	10				
Gross		4 444 159	(1 964 697)	-	2 479 462
Impairment		(3 041 408)	1 445 081	-	(1 596 327)
Net		1 402 751	(519 616)	-	883 135
CASH GENERATED FROM CONTINUED OPERATIONS	34				
Surplus for the year		5 359 821	(314 843)	-	5 044 978
Adjustment for:		3 769 434	(405 137)	(3)	3 364 294
Finance costs					
Cash transactions		782 905	-	(3)	782 902
Operating surplus before working capital changes					
Increase in trade receivables		(1 062 476)	19 305	-	(1 043 171)
Increase in other receivables		(880 571)	700 675	-	(179 896)
Cash generated from continued operations		7 049 558	-	(3)	7 049 555

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

38. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES (continued)

	Note	Municipality of Cape Town			Restated
		As previously reported	Correction of error	Reclassification	
1 July 2017					
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Receivables	9	5 029 085	(5 492)	-	5 023 593
Other receivables	10	1 077 455	(206 208)	-	871 247
TOTAL ASSETS		57 944 211	(211 700)	-	57 732 511
NET ASSETS					
Total net assets		37 278 962	(211 700)	-	37 067 262
Accumulated surplus		33 505 777	(211 700)	-	33 294 077
TOTAL NET ASSETS AND LIABILITIES		57 944 211	(211 700)	-	57 732 511
FINANCIAL RISK MANAGEMENT	1				
Financial assets					
Receivables		5 029 085	(5 492)	-	5 023 593
Other receivables		989 034	(206 208)	-	782 826
TOTAL CARRYING AMOUNT		16 055 263	(211 700)	-	15 843 563
RECEIVABLES	9				
Gross		8 990 564	(122 686)	-	8 867 878
Impairment		(3 961 479)	117 194	-	(3 844 285)
Net		5 029 085	(5 492)	-	5 023 593
OTHER RECEIVABLES	10				
Gross		3 550 878	(1 264 022)	-	2 286 856
Impairment		(2 473 423)	1 057 814	-	(1 415 609)
Net		1 077 455	(206 208)	-	871 247

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

38. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES (continued)

		Municipality of Cape Town - continued			
	Note	As previously reported	Correction of error	Reclassification	Restated
30 June 2018					
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Receivables	9	5 633 327	(6 927)	-	5 626 400
Other receivables	10	1 380 906	(519 616)	-	861 290
TOTAL ASSETS		64 569 450	(526 543)	-	64 042 907
NET ASSETS					
Total net assets		42 975 729	(526 543)	-	42 449 186
Accumulated surplus		39 510 649	(526 543)	-	38 984 106
TOTAL NET ASSETS AND LIABILITIES		64 569 450	(526 543)	-	64 042 907
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
Exchange revenue					
Rental of letting stock and facilities		513 805	(19 305)	-	494 500
Non-exchange revenue					
Fines, penalties and forfeits		1 644 474	(99 162)	-	1 545 312
Total revenue		39 211 289	(118 467)	-	39 092 822
Expenditure					
Remuneration of councillors	40.2.1	154 923	-	(7 630)	147 293
Impairment costs	28	1 440 040	196 376	-	1 636 416
Finance costs	29	781 928	-	(3)	781 925
Contracted services		4 322 605	-	(2 513 100)	1 809 505
General expenses	31	4 876 219	-	2 520 733	7 396 952
Total expenditure		33 514 522	196 376	-	33 710 898
Surplus from operations		5 696 767	(314 843)	-	5 381 924
CASH FLOW STATEMENT					
Cash flow from operating activities					
Continued operation					
Cash receipts from ratepayers, government and other		34 841 626	-	67 917	34 909 543
Cash paid to suppliers and employees		(27 925 499)	-	(3)	(27 925 502)
Cash generated from operations	34	6 916 127	-	67 914	6 984 041
Finance costs		(689 670)	-	3	(689 667)
Net cash from continued operations		7 377 082	-	67 917	7 444 999
Cash flow from investing activities					
Increase in investments		(561 572)	-	(67 917)	(629 489)
NET CASH FROM INVESTING ACTIVITIES		(6 037 208)	-	(67 917)	(6 105 125)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

38. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES (continued)

		Municipality of Cape Town - continued			
	Note	As previously reported	Correction of error	Reclassifi- cation	Restated
30 June 2018 - continued					
FINANCIAL RISK MANAGEMENT					
	1				
Financial assets					
Receivables		5 633 327	(6 927)	-	5 626 400
Other receivables		1 335 499	(519 616)	-	815 883
TOTAL CARRYING AMOUNT		19 588 937	(526 543)	-	19 062 394
RECEIVABLES					
	9				
Gross		10 088 499	(141 991)	-	9 946 508
Impairment		(4 455 172)	135 064	-	(4 320 108)
Net		5 633 327	(6 927)	-	5 626 400
OTHER RECEIVABLES					
	10				
Gross		4 421 236	(1 964 697)	-	2 456 539
Impairment		(3 040 330)	1 445 081	-	(1 595 249)
Net		1 380 906	(519 616)	-	861 290
CASH GENERATED FROM CONTINUED OPERATIONS					
	34				
Surplus for the year		5 724 246	(314 843)	-	5 409 403
Adjustment for:		3 280 510	(405 137)	67 914	2 943 287
Contribution to impairment provision - investment		-	-	67 917	67 917
Finance costs					
Cash transactions		689 670	-	(3)	689 667
Operating surplus before working capital changes					
Increase in trade receivables		(1 062 660)	19 305	-	(1 043 355)
Increase in other receivables		(870 358)	700 675	-	(169 683)
Cash generated from continued operations		6 916 127	-	67 914	6 984 041

38.3 Changes in accounting estimates

Annual review of assets useful lives

The City's annual review of the useful lives and residual values of assets resulted in a decrease of R2,62 million (2018: R2,27 million) in the depreciation charge to the statement of financial performance. It is impracticable to estimate the effect of these changes on future periods.

During the year, the CTICC revised the estimated useful lives of certain items of property, plant and equipment. The change in estimate was necessary as these items were approaching the end of their originally assessed useful lives and management determined that the assets were still going to be in use for an extended period beyond the reporting date as a result of the good condition and maintenance of the assets. The net effect of the changes in the current year was a reduction in the depreciation charge of R1,28 million (2018: R7,20 million). The effect on future years will be an overall increase of the same amount over the subsequent financial years.

Environmental rehabilitation provision

During the year the City of Cape Town revised its estimated total environmental rehabilitation provision to include post-closure monitoring and inspection costs as is required by the licence conditions. The net effect of the change in estimate in the current year was an increase in provision to the amount of R48,50 million. The change will lead to a reduction of operating costs in future periods of the same amount as the post-closure monitoring and inspection costs will be funded from the provision.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

39. BUDGET INFORMATION

39.1 Explanation of variances on the statement of comparison of budget and actual amounts

1. The difference between the approved budget and final budget is due to virements in terms of Council-approved policy.
2. The format and classification schemes adopted for the presentation of the approved budget for the financial year differ from the format and classification adopted for the financial statements. Budget reporting occurred in accordance with the mSCOA classification scheme.
3. The differences in capital spend recognition are set out in the table below:

Annual financial statements	5 469 124
Landfill site provision estimate	(99 903)
Contributed assets	(2 860)
Prior year capital project discontinued and written-off	23 385
Budget	5 389 736

39.2 Explanation of variances greater than 10%: final budget and actual amounts

39.2.1 Statement of financial position

Total liabilities

i) Current liabilities

The variance in total current liabilities is due to a capital and operating underspend against the budget, which resulted in a lower-than-expected balance for payables from exchange transactions at year end.

39.2.2 Statement of financial performance

Revenue

i) Investment revenue

The variance is largely due to interest earned on investments being higher-than-planned due to more favourable investment and cash balances.

ii) Other own revenue

The variance is higher-than-planned development levies received due to agreements for developments which were not foreseen for the period, more than anticipated traffic fines issued and revenue recognised for unclaimed credits older than two years on final debtor's accounts.

Expenditure

iii) Debt impairment

The variance is largely due to a slightly higher budget provision for impairment on electricity (2,2%) and property rates debtors (0,35%) than the final movement. In addition, reversals of the indigent billing within Water and Sanitation services further contributed to the variance.

iv) Transfers and grants

The variance is mainly due to delays with the implementation of the housing top structure in the Human Settlement Directorate as a result of community unrest and gang-related violence.

Surplus

v) Transfers recognised – capital

The variance is a direct result of the underspent in capital projects due to community dynamics and influences, cancellation of tenders as a result of non-responsive and liquidations of contractors.

39.2.3 Cash flow statement

i) Net cash from operating

The variance is the result of underspend operating expenditure.

ii) Net cash from financing

The variance is the result of not having taken up the anticipated loans to fund the capital budget.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

39. BUDGET INFORMATION (continued)

39.3 Explanation of variances greater than 5%: final budget and actual amounts

39.3.1 Capital expenditure

- i) Community Services and Health
The variance in the implementation of the projects is a result of delays with the appointment of service providers, poor contractor performance, unforeseen lengthy community engagements and cost savings materialised with the completion of projects.
- ii) Corporate Services
The variance in the implementation of the projects is a result of delays with the appointment of service providers, projects and tenders put on hold and the delay in obtaining approval to make use of a transversal tender.
- iii) Energy and Climate Change
The variance in the implementation of the projects is a result of community dynamics and influences, gang-related disruptions, vandalism, late award of tenders, construction delays and changes to equipment specifications.
- iv) Human Settlements
The variance in the implementation of the projects is a result of community dynamics and influences, the expiry, termination and suspension of contracts, land invasions that prevented projects from going ahead as planned and underperformance by contractors.
- v) Office of the City Manager
The variance in the implementation of the projects is a result of delays experienced in delivery of furniture and equipment by contractors.
- vi) Spatial Planning and Environment
The variance in the implementation of the projects is a result of administrative uncertainty around a number of unclear mandates for projects particularly in the Urban Catalytic Investment Department, contractual disputes, resource and material challenges experienced by contractor and outstanding Built Environment and Landscapes Committee (BELCOM) Heritage approvals.
- vii) Transport
The variance in the implementation of the projects is a result of community dynamics and influences, gang-related disruptions, cancellation of tenders due to non-responsiveness and liquidations of contractors.
- viii) Water and Waste Services
The variance in the implementation of the projects is mainly due to a significant underspend on projects linked to the new water program, as measures in pursuit of optimal water security are reprioritised and reassessed subject to various regulatory approvals, incomplete land use management, capacity constraints and poor performance by contractors, appeals against award of tenders, non-responsive tenders, delays in delivery of materials by specific suppliers and community dynamics and influences.
- ix) Subsidiaries
The variance relates to the timing of expenditure on the CTICC 2 expansion programme due to unexpected delays.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

40. ADDITIONAL DISCLOSURES

40.1 Political parties' arrears

Included in the debtors' arrears is an amount of R37 964,91 (2018: R69 745,48) outstanding for more than 90 days, owed by the representative political parties to the Entity.

40.2 Broad Based Black Economic Empowerment (B-BBEE) Act

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

40.3 Municipal Finance Management Act

40.3.1 Section 19(2)(b)

As at **30 June 2018** the City of Cape Town did not fully comply with 19(2)(b) of the MFMA relating to the broadband project.

40.3.2 Section 124(1)(b)

40.3.2.1 Disclosure concerning councillors' municipal accounts in arrears

2019

As at **30 June 2019**, there were no councillors more than 90 days in arrears for rates or services.

During the **reporting period**, there were no councillors more than 90 days in arrears for rates or services.

2018

As at **30 June 2018**, the following councillor was more than 90 days in arrears for rates or services.

Z Sulelo

During the **reporting period**, the following councillors were more than 90 days in arrears for rates or services.

T Mpengezi A Skippers ST Vuba

40.3.3 Section 125

40.3.3.1 Irregular expenditure

Opening balance
Expenditure – as indicated below

Closing balance

Events after reporting date

Regularised and ratified – during July and August 2019

TOTAL

Economic entity		Municipality of Cape Town	
2019	2018	2019	2018
483 896	130 103	483 896	130 103
143 582	353 793	143 582	353 793
627 517	483 896	627 517	483 896
(283 056)	-	(283 056)	-
344 461	483 896	344 461	483 896

Incidents

Non-compliance is a combination of breaches of SCM regulations and section 33 and 116(3) of the MFMA

143 582	353 793	143 582	353 793
---------	---------	---------	---------

The 2018 comparative amounts have been restated from R152,95 million to R353,79 million, and this was discovered in the year under review.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

40. ADDITIONAL DISCLOSURES (continued)

40.3 Municipal Finance Management Act (continued)

40.3.3 Section 125 (continued)

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
40.3.3.2 Fruitless and wasteful expenditure				
Opening balance	309	-	309	-
Expenditure – current year	8 065	309	8 065	309
Closing balance	8 374	309	8 374	309
<i>Events after reporting date</i>				
Regularised and ratified – during July and August 2019	(1 238)	-	(1 238)	-
TOTAL	7 136	309	7 136	309

Incidents	
Interest paid on late payments	7 442
Litigation costs	400
Travel costs	26
Duplication payment	5
Tender irregularity	141
Fines	51
TOTAL	8 065

7 442	309	7 442	309
400	-	400	-
26	-	26	-
5	-	5	-
141	-	141	-
51	-	51	-
8 065	309	8 065	309

40.3.3.3 Material losses

Water losses

In the current year, the material losses were 16,57% (2018: 14,82%). These are made up of 10,84% reticulation losses and 5,73% abnormal production losses (2018: 10,78% reticulation losses and 4,04% abnormal production losses). These losses are predominantly due to unauthorised usage and metering inaccuracies. The production losses amounted to R313,2 million (2018: R140,3 million).

303 487	159 543	303 487	159 543
----------------	----------------	----------------	----------------

Electricity losses

In the current year, the energy losses were 10,67% (2018: 10,72%). These losses are the result of system operation, theft and vandalism. The production losses amounted to R538,49 million (2018: R511,76 million).

345 465	332 155	345 465	332 155
----------------	----------------	----------------	----------------

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

40. ADDITIONAL DISCLOSURES (continued)

40.3 Municipal Finance Management Act (continued)

40.3.3 Section 125 (continued)

40.3.3.4 Other compulsory disclosures

	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you- earn (PAYE) and Unemployment Insurance Fund (UIF)	Pension and medical aid
As at 30 June 2019				
Opening balance	-	(71)	129 100	267 221
Subscriptions/fees	14 100	20 722	1 796 969	3 403 347
Amount paid: current year	(14 100)	(20 867)	(1 644 780)	(3 113 409)
in advance	(14 379)	-	-	-
previous years	-	71	(129 101)	(267 221)
Balance unpaid (included in payables)	(14 379)	(145)	152 188	289 938
As at 30 June 2018				
Opening balance	-	11	114 716	251 289
Subscriptions/fees	12 635	20 667	1 585 714	3 080 114
Amount paid: current year	(12 635)	(20 738)	(1 456 614)	(2 812 893)
previous years	-	(11)	(114 716)	(251 289)
Balance unpaid (included in payables)	-	(71)	129 100	267 221

40.4 Supply Chain Management regulations

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
40.4.1 Deviations				
In terms of section 36 of the municipal SCM regulations, any deviation from SCM policy needs to be approved by the Accounting Officer and noted by Council. The awards listed below, have been approved by the Accounting Officer/delegate (Director: SCM) and noted by Council.				
Greater than R200 000	991 477	829 031	975 344	818 780
Less than R200 000	343 079	461 567	342 883	461 567
TOTAL amount approved by the Accounting Officer/delegate (Director: SCM) and noted by Council	1 334 556	1 290 598	1 318 227	1 280 347

All deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria of emergency procurements, availability from only one provider, art-historical objects, circumstances where it is impractical or impossible to follow the official procedure, or correction of minor technical breaches.

40.4.2 SCM breaches

Ratification of minor breaches
TOTAL amount regularised and ratified

4 188	3 437	-	-
4 188	3 437	-	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

40. ADDITIONAL DISCLOSURES (continued)

40.4 Supply Chain Management regulations (continued)

40.4.3 Bids awarded to family of employees in the service of the state

In terms of section 45 of the municipal SCM regulations, any award above R2 000 to family of employees in the service of the state must be disclosed in the consolidated annual financial statements. The following is a list as recorded in the declaration-of-interest form:

Connected person	Position held in State	Economic entity	Municipality of Cape Town
		2019	2019
H Ahlschlager	Legal representative	46 322	46 322
N Andhee	Teacher	1 102	1 102
T Arendse	Senior Foreman	150	150
L Arries	Educator	1 337	1 337
E Arumugam	School Principal	764	764
R Badenhorst	Councillor: Stellenbosch Municipality	791	791
T Barends	SAP Developer	49	49
M Barnard	Deputy Director: Radiology	173	173
P Bell	DCAS	5 296	5 296
J Beukes	Department of Health	1 058	1 058
J Bodmer	Metro Paramedic	67	67
K Botto	Professional Officer	537	537
E Bowers	Social Worker	207	207
M Brink	Doctor	1 263	-
P Cilliers	Principal Analyst	325	325
R Conrad	Professional Officer	103	103
A da Grass	Specialist Clerk	311	311
SF Davids	Department of Education	3 469	3 469
C de Wee	Administrative Officer	164	164
C de Wet	Administrative Officer	20 793	20 793
N Dolf	Specialist Clerk	2 475	2 475
Y Ebrahim	Manager: Waste Water	1 879	1 879
H Eksteen	Parliamentary Liaison Officer	3	3
F Fortune	SANDEF	96	96
C Hector	Quality Assessor	2 838	2 838
C Henderson	Educator	58	58
F Hendricks	Administrative Officer	34	34
M Hendricks	Artisan	20	20
E Jacobs	Senior Clerk	139 999	139 999
NE Jacobs	Administrative Officer	97	97
S Jacobs	Director: Cape Agulhas Municipality	14	14
T Jacobs	Deputy Director: Department of Premier	239	239
Y Jacobs	Department of Health	143	143
O Jessa	Librarian	1 281	1 281
A Kelland	Administrative Officer	354	354
M Kempthorne	Councillor	1 268	1 268
C Kitching	Director	491	491
T Lebesana	Transnet	25	25

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

40. ADDITIONAL DISCLOSURES (continued)

40.4 Supply Chain Management regulations (continued)

40.4.3 Bids awarded to family of employees in the service of the state (continued)

		Economic entity	Municipality of Cape Town
Connected person	Position held in State	2019	2019
C Maas	Senior Medical Officer	609	609
R Maharaji	Umgeni Water	16 336	16 336
S Melane	Senior Clerk	100	100
G Meyer	Manager SCM	11 536	11 536
D Michels	Traffic Officer	99	99
A Mokupo	Senior Practitioner: SCM	583	583
F Monk	Subcouncil Manager	528	528
N Moodley	Director: Department of Health	876	876
A Moon	Head	1 846	1 846
M Mshweshwe	Manager: Legal Services	386	386
M Mvalo	Professional Officer	1 565	1 565
P Naidoo	Project Manager: City of Cape Town	2 265	-
B Ntlati	Clerk	1 120	1 120
R Parker	Department of Education	1 096	1 096
N Pedro	Specialist Clerk	225	225
A Petersen	Educator	4 774	4 774
Y Phosa	Member of Parliament	8 283	8 108
L Pieters	Educator	443	443
L Pietersen	Educator	28	28
G Rendall	Department of Health	1 142	1 142
C Rhoda	Head	474	474
M Rhodes	Educator	317	317
L Ritter	Administrative Officer	25	25
T Salomons	Specialist Engineering	756	756
I Samaai	Western Cape Government	656	656
M Selepe	Deputy Director: City of Tswane	472	-
N September	Administrative Clerk	128	128
Y Skunyana	Light Machine Operator	592	592
J Smith	Department of Social Development	121	121
Z Smith	Department of Labour	317	317
T Steyn	Senior Professional Officer	282	282
C Swart	Head	2 019	2 019
D Timotheus	Operator	65	65
V van der Heever	Educator	3 251	3 251
C van der Vent	Senior Worker	8	8
M Votersen	Manager	1 998	1 998
B Wasserfall	Senior Forensics Officer	1 335	1 335
P Wileman	Operations Manager	2 363	2 363
S Willemse	Administrative Officer	1 264	1 264
N Williams	Senior Inspector	158	158
R Wyngaard	Administrative Officer	96	96
X Zantsi	Bookkeeper	20	20
TOTAL		306 152	301 977

See annexure H for the 2018 list.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

41. RELATED-PARTY DISCLOSURES

41.1 Municipal entities and special areas

During the year, in the ordinary course of business, transactions between the City of Cape Town and the following entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's-length transactions.

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018

CTICC

The CTICC was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city.

Percentage owned

Arm's-length transactions for the year

Receivables

Deposits

Service charges

Rental of letting stock and facilities

71,4%

71,4%

2 487

3 308

1 234

1 233

24 295

19 504

2 524

2 524

Included in note 37.1 is an amount of R6,40 million that relates to a contractual dispute with the CTICC. The final amount payable, if any, will be determined once the investigation is finalised.

CAPE TOWN STADIUM (RF) SOC LTD

The Cape Town Stadium municipal entity was established to manage and operate Cape Town Stadium on behalf of the City. The vision of Cape Town Stadium is to achieve world-wide recognition as a facility for the hosting of major sports event and become the premium venue of choice.

Percentage owned

Arm's-length transactions for the year

Receivables

Payables

Service charges

Other income

Grants and subsidies paid

100%

100%

1 170

-

3 165

-

10 035

360

17 094

5 468

55 152

22 167

Cape Metropolitan Transport Fund (CMTF)

The CMTF was created in terms of section 18 of the Urban Transport Act 78 of 1977. The administration of the CMTF vests with the City of Cape Town. The principal activity of the CMTF is to fund the planning and provision of adequate urban transport facilities and all incidental matters.

Administrator

Arm's-length transactions for the year

Funds held on behalf of CMTF

Grants and transfers – conditions met

Interest paid

Revenue collected

18 124

15 598

18 124

15 598

2 323

4 414

2 323

4 414

1 135

986

1 135

986

3 773

4 026

3 773

4 026

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

41. RELATED-PARTY DISCLOSURES (continued)

41.1 Municipal entities and special areas (continued)

	Economic entity		Municipality of Cape Town	
	2019	2018	2019	2018
CIDs				
These entities were established to enable projects at the initiative of local communities, to provide services over and above the services provided by the City of Cape Town.				
Special rating areas				
Arm's-length transactions for the year				
Levies			210 130	192 953
Arm's-length transactions have been concluded with members of key management as well as related companies.				
Management contracts				
Epping CID: Just For You Business Support Services CC	1 426	1 327		
Woodstock CID: Lloyd's Project Management CC	675	627		
Rental contracts				
Voortrekker Road: Greater Tygerberg Partnership NPC – rental				
Paid	-	381		
Received	291	164		
Other: Directors				
Northpine: ML Schereka	-	38		
Penzance: AJ Schwegmann	-	1		

41.2 Executive management

No members of the City of Cape Town's management have significant influence over the financial or operating policies of the municipal entities and special rating areas.

No business transactions took place between the City of Cape Town and key management personnel.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.1 Mayoral Committee (Mayco) members/councillors/board members

	Annual salary	Car allowance	Social contribution	Total
2019				
Mayco members	12 458	32	499	12 989
Councillors	134 462	421	4 485	139 368
Subsidiaries: board members	743	-	-	743
TOTAL	147 663	453	4 984	153 100
2018				
Mayco members	12 347	60	309	12 716
Councillors	129 765	378	4 434	134 577
Subsidiaries: board members	656	-	-	656
TOTAL	142 768	438	4 743	147 949

Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and are not disclosed individually but in aggregate, and only have collective executive powers for planning, directing and controlling the activities of the City of Cape Town. There are 231 councillors positions, whose aggregated remuneration amounted to R152,36 million for the period under review. The average remuneration per councillor is R0,659 million per annum. The Mayco members have such individual executive powers as granted by their delegation, and are therefore disclosed in the table below. A full list of councillors is disclosed on pages 7 and 8 under 'General information'.

The 2018 comparative amount has been restated - see note 38.

41.2.2 Mayco members

	Analysis of remuneration benefits			
	Annual salary	Car allowance	Social contribution	Total
2019				
Executive Mayor				
Ald D Plato	908	-	-	908
Ald P de Lille	450	14	-	464
Executive Deputy Mayor/Finance				
Ald ID Neilson	1 011	-	120	1 131
Executive Finance				
Cllr J van der Merwe	335	-	39	374
Ald M Nieuwoudt	136	-	13	149
Economic Opportunities and Asset Management				
Ald J Vos	534	-	-	534
Assets and Facilities Management				
Ald J Vos	142	-	-	142
Cllr S Diamond	374	-	-	374
Corporate Services				
Cllr SA Cottle	682	-	-	682
Cllr R Arendse	374	-	-	374
Community Services and Health				
Cllr ZA Badroodien	534	-	-	534
Area-Based: South				
Cllr ZA Badroodien	148	-	-	148
Cllr E Andrews	374	-	-	374

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.2 Mayco members (continued)

	Analysis of remuneration benefits - continued			
	Annual salary	Car allowance	Social contribution	Total
2019 - continued				
Energy and Climate change				
Cllr P Maxiti	534	-	-	534
Area-Based: East				
Cllr P Maxiti	148	-	-	148
Cllr A Ntsodo	374	-	-	374
Human Settlements				
Cllr M Booï	498	-	35	533
Area-Based: Central				
Cllr M Booï	139	-	10	149
Cllr S Mamkeli	339	-	-	339
Safety and Security				
Ald JP Smith	948	18	90	1 056
Spatial Planning and Environment				
Ald M Niewoudt	488	-	46	534
Transport				
Ald F Purchase	476	-	58	534
Transport and Urban Development Authority				
Ald F Purchase	133	-	16	149
Cllr BN Herron	374	-	-	374
Urban Management				
Cllr G Twigg	477	-	57	534
Area-Based: North				
Cllr G Twigg	133	-	15	148
Cllr S Little	339	-	-	339
Water and Waste				
Cllr X Limberg	534	-	-	534
Informal Settlements, Water and Waste Services; Energy				
Cllr X Limberg	522	-	-	522
TOTAL	12 458	32	499	12 989

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.2 Mayco members (continued)

	Analysis of remuneration benefits			
	Annual salary	Car allowance	Social contribution	Total
2018				
Executive Mayor				
Ald P de Lille	1 297	42	-	1 339
Executive Deputy Mayor				
Ald ID Neilson	974	-	115	1 089
Executive Finance				
Cllr JFH van der Merwe	920	-	108	1 028
Safety and Security Services				
Ald JP Smith	924	18	86	1 028
Informal Settlements, Water and Waste Services; Energy				
Cllr XT Limberg	1 029	-	-	1 029
Corporate Services				
Cllr R Arendse	1 029	-	-	1 029
Assets and Facilities Management				
Cllr SP Diamond	1 029	-	-	1 029
Transport and Urban Development Authority				
Cllr BN Herron	1 029	-	-	1 029
Area-Based: South				
Cllr EP Andrews	1 029	-	-	1 029
Area-Based: Central				
Cllr S Mamkeli	1 029	-	-	1 029
Area-Based: North				
Cllr SA Little	1 029	-	-	1 029
Area-Based: East				
Cllr A Ntsodo	1 029	-	-	1 029
TOTAL	12 347	60	309	12 716

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.3 Executive management

	Analysis of remuneration benefits - continued					
	Annual salary	Bonus	Relocation and car allowance	Travel and subsistence	Social contribution	Total
2019						
City Manager						
L Mbandazayo	2 836	-	-	17	361	3 214
Corporate Services						
C Kesson *	206	-	-	-	26	232
Corporate Services: Directorate of the Mayor						
C Kesson	2 881	-	-	16	289	3 186
Community Services and Health						
E Sass	1 266	-	-	-	187	1 453
Social Services						
E Sass	1 282	-	-	-	182	1 464
Economic Opportunities & Asset Management						
K le Keur	819	-	64	-	114	997
Assets and Facilities Management						
K le Keur	931	-	64	-	114	1 109
Energy and Climate Change						
KM Nassiep	1 008	-	-	-	1	1 009
Energy						
KM Nassiep	1 108	-	-	-	1	1 109
Environmental Management						
A Osman	810	-	72	-	125	1 007
Finance						
K Jacoby	2 586	-	81	1	261	2 929
Human Settlements						
R Rughubar	854	-	-	-	125	979
Safety and Security Services						
R Bosman	2 444	-	96	-	303	2 843
Transport						
E Sass **	-	-	-	-	-	-
GL Fortune	737	-	-	3	107	847
M Whitehead	1 452	-	-	-	1	1 453
Transport and Urban Development Authority						
GL Fortune	839	-	-	10	127	976
M Whitehead	1 452	-	-	-	1	1 453

* Included in the annual salary amount is an arbitration award of R48,4 thousand.

** Acted without compensation for period.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.3 Executive management (continued)

Analysis of remuneration benefits - continued						
	Annual salary	Bonus	Relocation and car allowance	Travel and subsistence	Social contribution	Total
2019 - continued						
Urban Management						
B van Schoor	815	-	60	-	97	972
Area-Based Service Delivery						
B van Schoor	658	-	51	-	78	787
L Scheepers	696	-	-	-	74	770
Water and Waste						
M Webster **	-	-	-	-	-	-
G Kaiser	1 196	-	45	1	30	1 272
Informal Settlements, Water and Waste Services; Energy						
G Kaiser	1 434	-	54	26	33	1 547
CTICC						
Chief Executive Officer: J Ellingson	2 308	311	-	-	-	2 619
Key management: 4 personnel	611	6 046	-	-	-	6 657
Cape Town Stadium						
Chief Executive Officer: L de Reuck	1 403	44	160	-	247	1 854
Acting Chief Financial Officer: K Theron	25	-	-	-	-	25
TOTAL	38 092	966	747	74	2 884	42 763

** Acted without compensation for period.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.3 Executive management (continued)

	Analysis of remuneration benefits - continued				
	Annual salary	Bonus	Relocation and car allowance	Travel and subsistence	Social contribution
2018					
City Manager					
L Mbandazayo	1 467		-	-	149
A Ebrahim	1 795		-	-	243
Assets and Facilities Management					
K le Keur	1 757		128	-	91
Area-Based Service Delivery					
L Scheepers	1 747		-	-	229
Corporate Services					
C Kesson	196		-	-	25
G Kenhardt	819		-	-	96
L Mbandazayo	1 264		-	-	162
Directorate of the Mayor					
C Kesson	2 055		-	39	249
Energy					
K Nassiep	1 928		99	5	2
Finance					
K Jacoby	2 479		81	2	250
Informal Settlements, Water and Waste Services; Energy					
G Kaiser	2 614		108	10	60
Social Services					
E Sass	2 468		-	-	351
Strategic Governance					
C Kesson	225		-	-	29
Safety and Security Services					
R Bosman	2 401		95	-	304
Transport and Urban Development Authority					
G Fortune	1 430		-	3	226
M Whitehead	2 800		-	-	2
CTICC					
Chief Executive Officer: J Ellingson	2 137	288	-	-	-
Key management: 4 personnel	5 336	684	-	-	-
Cape Town Stadium					
L de Reuck	545	-	71	-	90
TOTAL	35 463	972	582	59	2 558
					39 634

The 2018 comparative amounts for CTICC have been specified in more detail.

ANNEXURE A: Schedule of external borrowings

AS AT 30 JUNE 2019

Rand thousands (R'000)

	Contractual interest rate (NACS) %	Loan ID	Redeemable date	Balance as at 30 June 2018	Received during the year	Capitalised during the year	Net interest accrual during the year	Concessional loan adjustment	Redeemed/ written off during year	Balance as at 30 June 2019
MARKETABLE BONDS										
Municipal Bond CCT01	12,570	830014004	2023	1 002 061	-	-	343	-	-	1 002 404
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	-	-	-	-	1 207 236
Municipal Bond CCT04 (Green bond)	11,160	830017007	2025	2 065 505	-	-	-	-	-	2 065 505
Municipal Bond CCT04 (Green bond)	10,170	830019504	2027	993 411	-	-	(4 570)	-	(100 000)	888 841
Total marketable bonds ¹				5 268 213	-	-	(4 227)	-	(100 000)	5 163 986
CONCESSIONARY LOANS										
Nedcor Bank	1,000	830000920	2019	41	-	-	-	7	(48)	-
DBSA	5,000	830012028	2020	7 601	-	-	-	277	(4 000)	3 878
AFD	5,763	830018500	2028	358 877	-	-	(674)	8 126	(40 000)	326 329
AFD	5,730	830018516	2028	358 358	-	-	(670)	8 208	(40 000)	325 896
AFD	5,755	830018530	2028	358 970	-	-	(674)	8 164	(40 000)	326 460
AFD	5,800	830018523	2028	350 144	-	-	(665)	7 824	(38 961)	318 342
KfW	8,107	830020016	2033	-	196 420	-	1 567	(24 162)	(42 933)	130 892
Total concessional loans				1 433 991	196 420	-	(1 116)	8 444	(205 942)	1 431 797
OTHER LOANS										
ABSA Bank	10,900	830007011	2018	10 535	-	-	(535)	-	(10 000)	-
DBSA	10,590	83001050	2018	17 860	-	-	(902)	-	(16 958)	-
DBSA	9,420	830012035	2020	18 677	-	-	(3)	-	(9 333)	9 341
DBSA	9,639	830013000	2022	60 031	-	-	6	-	(13 334)	46 703
DBSA	10,565	830013507	2022	60 034	-	-	6	-	(13 334)	46 706
Total other loans				167 137	-	-	(1 428)	-	(62 959)	102 750
TOTAL MUNICIPALITY OF CAPE TOWN				6 869 341	196 420	-	(6 771)	8 444	(368 901)	6 698 533
Controlled entities										
OTHER LOANS										
CID Brackenfell: ABSA	13,000	-	2019	101	-	-	-	-	(71)	30
CID Montague Gardens: Nedbank	12,251	-	2021	250	-	-	-	-	(81)	169
CID Claremont Road Co.: DBSA	-	-	2023	10 143	-	-	-	-	(1 691)	8 452
TOTAL CONTROLLED ENTITIES				10 494	-	-	-	-	(1 843)	8 651
TOTAL				6 879 835	196 420	-	(6 771)	8 444	(370 744)	6 707 184

¹ Guaranteed investment instruments have been established for the repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).

ANNEXURE B: Analysis of property, plant and equipment and other assets

AS AT 30 JUNE 2019

Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ Amortisation	Impairments	Disposals	Closing balance	
Land and buildings													
Assets under construction	879 864	(800 791)	-	-	-	79 073	(486 443)	470 352	-	-	-	(16 091)	62 982
Vacant land	1 282 814	10 216	9 510	-	-	1 302 540	(260 341)	-	-	-	-	(260 341)	1 042 199
Land and buildings	3 132 453	949 412	92 425	-	(4 169)	4 170 121	(1 123 908)	(416 127)	(79 557)	(6 477)	3 909	(1 622 160)	2 547 961
	5 295 131	158 837	101 935	-	(4 169)	5 551 734	(1 870 692)	54 225	(79 557)	(6 477)	3 909	(1 898 592)	3 653 142
Infrastructure													
Assets under construction	2 600 717	(1 759 651)	1 684 684	-	-	2 525 750	-	-	-	-	-	-	2 525 750
Telecommunications	616 070	148 078	131 188	-	(52)	895 284	(72 643)	-	(51 429)	(1 109)	21	(125 160)	770 124
Drains	1 220 204	103 213	68 305	-	-	1 391 722	(455 036)	-	(46 512)	-	-	(501 548)	890 174
Roads	12 813 448	471 813	439 036	-	-	13 724 297	(3 774 911)	43	(450 935)	-	-	(4 225 803)	9 498 494
Beach improvements	147 393	22 806	12 674	-	-	182 873	(29 409)	-	(4 487)	-	-	(33 896)	148 977
Sewerage mains and purification	5 064 785	285 913	126 467	-	(12)	5 477 153	(1 805 071)	-	(265 981)	-	5	(2 071 047)	3 406 106
Security	1 159 958	34 802	118 055	-	-	1 312 815	(493 605)	-	(117 480)	-	-	(611 085)	701 730
Electricity peak load equipment and mains	10 128 452	53 055	513 976	-	-	10 695 483	(3 051 968)	-	(220 121)	(1 462)	-	(3 273 551)	7 421 932
Water mains and purification	4 604 215	311 127	440 075	-	-	5 355 417	(1 912 531)	-	(214 935)	-	-	(2 127 466)	3 227 951
Reservoirs - water	662 541	188 156	234 413	-	-	1 085 110	(406 101)	-	(21 893)	-	-	(427 994)	657 116
	39 017 783	(140 688)	3 768 873	-	(64)	42 645 904	(12 001 275)	43	(1 393 773)	(2 571)	26	(13 397 550)	29 248 354
Community assets													
Assets under construction	217 903	(153 451)	103 762	-	-	168 214	-	-	-	-	-	-	168 214
Parks and gardens	391 772	6 275	6 953	-	-	405 000	(69 826)	-	(13 317)	-	-	(83 143)	321 857
Libraries	301 606	22 841	11 398	-	-	335 845	(85 209)	-	(5 269)	-	-	(90 478)	245 367
Recreation facilities	5 679 754	18 329	32 700	-	(40)	5 730 743	(2 058 683)	78	(221 584)	-	40	(2 280 149)	3 450 594
Civic buildings	2 633 140	138 531	71 768	-	-	2 843 439	(738 758)	47	(46 333)	-	-	(785 044)	2 058 395
	9 224 175	32 525	226 581	-	(40)	9 483 241	(2 952 476)	125	(286 503)	-	40	(3 238 814)	6 244 427
Other assets													
Assets under construction	368 405	(310 857)	160 576	-	-	218 124	-	-	-	-	-	-	218 124
Buildings and land	1 262	-	-	-	(13)	1 249	(1 086)	-	(176)	-	13	(1 249)	-
Landfill sites	1 099 290	6 122	100 642	-	-	1 206 054	(633 259)	-	(38 660)	-	-	(671 919)	534 135
Furniture, fittings and equipment	1 184 515	7 308	108 310	-	(26 722)	1 273 411	(798 720)	(199)	(125 446)	-	24 338	(900 027)	373 384
Bins and containers	69 495	1 748	1 770	-	(568)	72 445	(59 252)	-	(5 089)	-	530	(63 811)	8 634
Emergency equipment	63 279	(3 302)	4 252	-	(3 256)	60 973	(39 998)	1 015	(6 217)	-	3 205	(41 995)	18 978
Motor vehicles and watercraft	1 428 350	62 817	354 485	-	(69 636)	1 776 016	(663 492)	(31 990)	(121 756)	(2 859)	59 156	(760 941)	1 015 075
Plant and equipment	1 143 272	68 222	75 260	-	(16 063)	1 270 691	(636 093)	(23)	(104 687)	(8)	14 365	(726 446)	544 245
Specialised vehicles	1 675 690	4 058	238 961	-	(22 931)	1 895 778	(714 188)	(1 015)	(110 479)	-	19 819	(805 863)	1 089 915
Computer equipment	2 365 695	65 891	209 242	-	(62 019)	2 578 809	(1 759 493)	(17 675)	(237 073)	-	60 004	(1 954 237)	624 572
Animals	1 570	-	-	-	(271)	1 299	(349)	-	(209)	-	220	(338)	961
	9 400 823	(97 993)	1 253 498	-	(201 479)	10 354 849	(5 305 930)	(49 887)	(749 792)	(2 867)	181 650	(5 926 826)	4 428 023
Service concession assets													
Buses and depots	1 411 417	-	121	-	(29 363)	1 382 175	(576 910)	-	(95 846)	(20 031)	17 453	(675 334)	706 841
Housing rental stock	3 115 668	15 729	6 597	-	(35 188)	3 102 806	(1 021 046)	-	(99 295)	(250)	29 151	(1 091 440)	2 011 366
TOTAL PPE	67 464 997	(31 590)	5 357 605	-	(270 303)	72 520 709	(23 728 329)	4 506	(2 704 766)	(32 196)	232 229	(26 228 556)	46 292 153



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

ANNEXURE B: Analysis of property, plant and equipment and other assets

AS AT 30 JUNE 2019 (continued)

Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ Amortisation	Impairments	Disposals	Closing balance	
Heritage assets													
Paintings and museum items	8 891	-	1 389	-	-	10 280	-	-	-	-	-	-	10 280
	8 891	-	1 389	-	-	10 280	-	-	-	-	-	-	10 280
Investment property													
Vacant land	518 180	(13)	-	-	(25)	518 142	-	-	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501	(57 968)	-	(1 714)	-	-	(59 682)	64 819
	642 681	(13)	-	-	(25)	642 643	(57 968)	-	(1 714)	-	-	(59 682)	582 961
Intangible assets													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441	(284 457)	-	(70 180)	-	-	(354 637)	206 804
Computer software	1 003 979	26 664	110 130	-	-	1 140 773	(564 923)	(362)	(81 075)	-	-	(646 360)	494 413
	1 565 420	26 664	110 130	-	-	1 702 214	(849 380)	(362)	(151 255)	-	-	(1 000 997)	701 217
TOTAL OTHER	2 216 992	26 651	111 519	-	(25)	2 355 137	(907 348)	(362)	(152 969)	-	-	(1 060 679)	1 294 458
GRAND TOTAL PPE AND OTHER	69 681 989	(4 939)	5 469 124	-	(270 328)	74 875 846	(24 635 677)	4 144	(2 857 735)	(32 196)	232 229	(27 289 235)	47 586 611

¹ Includes the contributed assets amount of R2,86 million.

ANNEXURE C: Disclosure of bank accounts and investments in terms of section 125(2)(a) and (b) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

	2019	2018	2017
MUNICIPALITY OF CAPE TOWN			
Bank accounts held with			
Nedbank			
Main bank	214 486	181 975	
Salary bank	-	-	
Cashier's bank	-	-	
General income bank (primary)	-	-	
Traffic fines bank	-	-	
IRT bank	-	-	
Amortised cost	214 486	181 975	
ABSA			
Main bank	-	19 598	469 968
IRT bank	31 467	8 162	-
Amortised cost	31 467	27 760	469 968
Amortised cost - see note 11	245 953	209 735	469 968
SUBSIDIARIES			
CTICC			
Bank accounts			
Nedbank - current	-	753	463
ABSA Bank - current	8 309	1 254	8 639
ABSA Bank - CTICC east - current	207	967	2 645
ABSA Bank - exh serv - current	660	642	24
ABSA Bank Treasury	75	71	68
ABSA Bank Treasury	2 607	2 451	2 302
Amortised cost	11 858	6 138	14 141
City improvement districts	110 502	95 246	71 195
Cape Town Stadium (RF) SOC LTD	11		
Total bank balances - see note 11	368 324	311 119	555 304
MUNICIPALITY OF CAPE TOWN			
Bank accounts managed by fund managers			
Nedbank			
City of Cape Town	730	226	
City of Cape Town	65	5 196	
City of Cape Town	1 416	138	
City of Cape Town	3 341	996	
City of Cape Town	4 992	2 569	
City of Cape Town	736	945	
City of Cape Town	534	592	
City of Cape Town	872	111	
City of Cape Town	200	182	
City of Cape Town	-		
	12 886	10 955	
ABSA			
City of Cape Town		-	481
City of Cape Town		13	306
City of Cape Town		-	1 803
City of Cape Town		-	4 015
City of Cape Town		-	574
City of Cape Town		-	598
City of Cape Town		8	1 081
City of Cape Town		-	194
		21	9 052
Fair value - see note 11	12 886	10 976	9 052
City of Cape Town	-	-	(5 298)
Fair value	12 886	10 976	3 754

ANNEXURE C: Disclosure of bank accounts and investments in terms of section 125(2)(a) and (b) of the MFMA (continued)

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

	2019	2018	2017
SUBSIDIARIES			
CTICC			
Investment accounts			
Nedbank - call deposit	20	19	18
ABSA Bank - call deposit	386	14 424	39 622
First National Bank - RMB investment	-	14 834	13 800
Stanlib - corporate money market fund	24 501	27 909	2 752
Investec - corporate money market fund	14 263	37 946	35 164
ABSA Bank - call deposit	3	3	1
Nedgroup - money market fund	30 729	28 663	48 356
Nedgroup - money market fund C2	36 759	35 298	17 255
ABSA Bank - money market fund	48 938	711	-
ABSA Bank - CTICC money market fund	14 623	13 646	35 299
ABSA Bank - guarantee	-	45 225	45 620
Amortised cost	170 222	218 678	237 887

SHORT-TERM DEBT FACILITIES

The Municipality of Cape Town had the following short-term debt facilities with the City's main banker:

	2019	2018
General banking facility	800 000	800 000
Guarantee facility (cash covered)	100 000	100 000
Guarantee facility (Non-cash covered)	12 000	12 000
Letter of credit	16 000	16 000
Business travel card	4 000	2 000

The short-term debt facilities are reviewed annually and can be explained as follows:

General banking facility

This facility allows the City quick access to funds should an immediate drawdown into the City's bank account be required.

Guarantee facility (cash covered)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. The facility is cash-covered, which means that the client provides cash cover, which is held in an interest-bearing investment account and is then ceded to the bank.

Guarantee facility (Non-cash covered)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. There is no cash required in this instance.

Letter of credit

A letter of credit is a document issued by the bank, assuring payment to a seller of goods or services, provided that certain documents have been presented to the bank. The documents should prove that the seller has performed the duties specified by an underlying contract, and that the goods/services have been supplied as agreed. In return for these documents, the beneficiary receives payment from the bank that issued the letter.

Business travel card

The travel card facility is used for all the City's travel expenses (airfares, hotel and accommodation, car hire, travel agent fees, forex, etc.) as the main, cost-effective and reliable card payment solution from the City's main banker. A credit facility is loaded onto the account/card.

ANNEXURE D: Segmental statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

BUSINESS ACTIVITIES	Actual income	Actual expenditure	(Surplus)/ deficit	Inter-departmental charges	Net (surplus)/ deficit	Grants and donations	Actual net result from operations	Budgeted net result from operations
Municipal Governance and Administration	(18 650 351)	9 913 190	(8 737 161)	(1 222 917)	(7 514 244)	(9 697)	(7 504 547)	(6 523 862)
Executive and Council	(1 383)	428 929	427 546	2 919	424 627	(117)	424 744	453 799
Finance and Administration	(18 648 960)	9 441 171	(9 207 789)	(1 226 062)	(7 981 727)	(9 580)	(7 972 147)	(7 023 629)
Internal Audit	(8)	43 090	43 082	226	42 856	-	42 856	45 968
Community and Public Safety	(2 192 292)	6 029 995	3 837 703	788 312	3 049 391	(620 339)	3 669 730	3 868 261
Community and Social Services	(145 643)	1 047 125	901 482	47 842	853 640	(57 087)	910 727	919 115
Sport and Recreation	(89 497)	1 403 541	1 314 044	268 846	1 045 198	(40 802)	1 086 000	1 062 493
Public Safety	(54 685)	588 720	534 035	5 096	528 939	(26 654)	555 593	576 555
Housing	(1 504 397)	1 814 157	309 760	447 247	(137 487)	(475 459)	337 972	515 941
Health	(398 070)	1 176 452	778 382	19 281	759 101	(20 337)	779 438	794 157
Economic and Environmental Services	(3 173 030)	7 129 843	3 956 813	256 349	3 700 464	(630 360)	4 330 824	4 299 754
Planning and Development	(361 944)	1 056 836	694 892	33 982	660 910	(14 032)	674 942	722 508
Road Transport	(2 787 329)	5 919 371	3 132 042	214 186	2 917 856	(615 170)	3 533 026	3 454 473
Environmental Protection	(23 757)	153 636	129 879	8 181	121 698	(1 158)	122 856	122 773
Trading Services	(29 235 562)	23 781 482	(5 454 080)	190 191	(5 644 271)	(892 497)	(4 751 774)	(3 235 002)
Energy Sources	(14 250 966)	12 245 477	(2 005 489)	1 519 501	(3 524 990)	(136 152)	(3 388 838)	(2 864 734)
Water Management	(6 942 100)	5 773 745	(1 168 355)	584 914	(1 753 269)	(399 402)	(1 353 867)	(603 114)
Waste water management	(4 215 209)	2 731 708	(1 483 501)	(675 838)	(807 663)	(356 943)	(450 720)	(124 063)
Waste management	(3 827 287)	3 030 552	(796 735)	(1 238 386)	441 651	-	441 651	356 909
Subsidiaries	(611 772)	567 716	(44 056)	(11 935)	(32 121)	-	(32 121)	13 706
Cape Town International Convention Centre	(292 264)	268 184	(24 080)	33 182	(57 262)	-	(57 262)	22 425
Cape Town Stadium	(83 848)	83 848	-	(45 117)	45 117	-	45 117	1 612
City improvement districts	(235 660)	215 684	(19 976)	-	(19 976)	-	(19 976)	(10 331)
TOTAL	(53 863 007)	47 422 226	(6 440 781)	-	(6 440 781)	(2 152 893)	(4 287 888)	(1 577 143)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

National and Province grant funds 2018/19									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Conditions met - transferred to revenue				Amounts to be claimed	Balance unspent at the end of the year ¹
				Adjustments	Operating	Capital	Interest earned		
National Government									
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(742)	-	-	200	198	-	-	(344)
Department of Environmental Affairs and Tourism	Environmental Affairs	(307)	(220)	-	38	-	-	-	(489)
DME - INEP	Energy	(2 234)	(10 000)	-	-	12 234	-	-	-
Energy Efficiency Electricity Demand Side Management	Energy	(1 342)	(10 000)	1 342	700	9 300	-	-	-
Expanded Public Works Incentive Grant	National Treasury	-	(24 266)	-	23 266	1 000	-	-	-
Finance Management Grant	National Treasury	-	(1 000)	-	1 000	-	-	-	-
Health and Hygiene education: Informal Settlements	Water	(11)	-	-	11	-	-	-	-
Infrastructure Skills Development	National Treasury	(547)	(13 605)	699	9 600	582	-	-	(3 271)
Integrated City Development Grant	National Treasury	(9 622)	(64 362)	8 011	1 083	54 560	-	-	(10 330)
LGSETA: Post Graduate Internship Programme	Environmental Affairs	(66)	-	66	-	-	-	-	-
Municipal Disaster Grant	Department of Corporate Governance	(37 133)	-	4 683	-	31 219	-	-	(1 231)
Municipal Disaster Recovery Grant	Department of Corporate Governance	-	(553 500)	46 311	-	307 600	-	-	(199 589)
Neighbourhood Development Programme	National Treasury	-	(7 300)	134	-	7 166	-	-	-
Peninsula Wetlands Rehabilitation Project	Environmental Affairs	-	(653)	-	-	-	-	-	(653)
Public Transport Network Grant	Transport	(37 264)	(1 045 522)	51 419	440 780	468 073	-	-	(122 514)
Public Transport Network Grant - BFI	Transport	-	(33 000)	-	-	33 000	-	-	-
Restructuring Grant - Seed Funding	National Treasury	(3 232)	-	-	-	1 156	-	-	(2 076)
Special Projects	Environmental Affairs	-	(2 564)	-	-	531	-	-	(2 033)
Terrestrial Invasive Alien Plants	Environmental Affairs	-	(766)	-	-	636	-	-	(130)
Tirelo Bosha Programme	Public Service and Administration	(73)	-	-	-	-	-	-	(73)
Urban Settlement Development Grant	National Treasury	(166 149)	(1 484 790)	313 016	32 326	1 127 450	-	-	(178 147)
Total DoRA allocation		(258 724)	(3 251 548)	425 681	509 004	2 054 705	-	-	(520 882)
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	(246)
Integrated City Development Grant: Interest account		-	-	(320)	-	-	-	-	(320)
LGSETA: Post Graduate Internship Programme: Interest account		(128)	-	128	-	-	-	-	-
Natural Resource Management: Interest account		(10)	-	-	-	-	-	-	(10)
Neighbourhood Development Programme: Interest account		(983)	-	-	-	-	(207)	-	(1 190)
Peninsula Wetlands Rehabilitation Project: Interest account		(18)	-	18	-	-	(2)	-	(2)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

National and Province grant funds 2018/19									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue			Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital	Interest earned		
Public Transport Infrastructure Systems Grant: Interest account		(214 545)	-	-	24 842	925	(14 988)	-	(203 766)
Public Transport Infrastructure Grant: Interest account		(36 701)	-	-	-	-	(2 665)	-	(39 366)
Public Transport Network Grant: Interest account		(51 350)	-	-	-	-	(22 669)	-	(74 019)
Public Transport Network Grant - BFI: Interest account		-	-	-	-	-	(185)	-	(185)
Public Transport Network Operations Grant: Interest account		(14 990)	-	-	-	-	(1 089)	-	(16 079)
Smart Living Handbook: Interest account		(100)	-	-	-	-	(7)	-	(107)
Special Projects		(41)	-	41	-	-	(4)	-	(4)
Terrestrial Invasive Alien Plants: Interest account		(31)	-	-	-	-	(2)	-	(33)
Total interest earned		(319 143)	-	(133)	24 842	925	(41 818)	-	(335 327)
TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS		(577 867)	(3 251 548)	425 548	533 846	2 055 630	(41 818)	-	(856 209)
Province									
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(4 730)	(5 000)	4 730	5 000	-	(94)	-	(94)
Belhar Pentech 340 Top Structures	Human Settlements	(545)	-	(20 997)	15 730	-	-	-	(5 812)
Bokmakierie / Hazendal Infill 3	Human Settlements	(414)	-	-	-	-	-	-	(414)
Browns Farm Phase 3,4,5,6	Human Settlements	(10 975)	-	-	-	-	-	-	(10 975)
Clinics : HIV/AIDS and TB Programmes	Health	(13)	-	13	-	-	-	-	-
Community Residential Units	Human Settlements	(3 007)	-	(7 224)	-	8 050	-	(826)	(3 007)
Delft - The Hague Phase 2 (896)	Human Settlements	(55 258)	-	-	94 335	-	-	(39 077)	-
Delft The Hague / Roosendal Eindhoven	Human Settlements	(8 466)	-	-	6 203	-	-	-	(2 263)
Disaster Fund - Fire/Flood Kits	Human Settlements	(5 677)	-	(30 041)	29 279	-	-	-	(6 439)
Edward Road Energy Efficient Project	Human Settlements	(3 552)	-	-	-	-	(258)	-	(3 810)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(10 447)	-	(146)	127	-	-	-	(10 466)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

National and Province grant funds 2018/19									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue			Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital	Interest earned		
Emergency Funds (PGWC)	Human Settlements	(2 500)	-	-	2 500	-	-	-	-
Enhanced Extended Discount Benefit Scheme	Human Settlements	-	-	21 122	-	-	-	(21 122)	-
Eradication of Registration Backlog	Human Settlements	(5 354)	-	-	3 133	-	-	-	(2 221)
Erf 160: Boys Town	Human Settlements	-	-	(767)	375	-	-	-	(392)
Establishment Grants	Human Settlements	(874)	-	(270)	260	-	(64)	-	(948)
Facilitation Grants	Human Settlements	(1 291)	-	(609)	581	-	(87)	-	(1 406)
Finance Management Support Grant	Treasury	(3)	(230)	3	230	-	(2)	-	(2)
Financial Management Capacity Building Grant	Treasury	(375)	(360)	122	280	-	(32)	-	(365)
Fisantekraal Garden Cities (RDP 4672 Units)	Human Settlements	(5 197)	-	(27 384)	33 493	-	-	(912)	-
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	(6 508)	-	(926)	7 282	-	-	-	(152)
Glenhaven Social Housing Project	Human Settlements	(30 000)	-	-	25 648	-	-	-	(4 352)
Global Fund Community Base Response Project	Health	(92)	-	92	-	-	-	-	-
Global Fund Community Based Programme	Health	(3 642)	-	20	3 622	-	-	-	-
Government Grant Community Development Workers	Human Settlements	(1 179)	-	-	701	63	(60)	-	(475)
Green Point Phase 2 Housing	Human Settlements	(736)	-	-	-	-	-	-	(736)
Gugulethu Housing Infill Project	Human Settlements	(40 261)	-	-	9 079	-	-	-	(31 182)
Happy Valley - Phase 2 Top Structures	Human Settlements	(65)	-	-	-	-	-	-	(65)
Hazendal Infill - Top Structures	Human Settlements	(44)	-	(2 090)	2 068	-	-	-	(66)
HCE Manuals (Housing Consumer Education)	Human Settlements	(111)	-	-	108	-	(5)	-	(8)
Heideveld Housing Infill	Human Settlements	(313)	-	(14 022)	12 775	-	-	-	(1 560)
HIV/AIDS Community Based Response Projects	Health	(4 678)	(251 120)	-	230 558	-	-	-	(25 240)
Housing Settlements Development Grant	Human Settlements	-	(350 755)	350 755	-	-	-	-	-
IHP Westgate Mall Phase C1 and C2	Human Settlements	(1 965)	-	-	-	-	-	-	(1 965)
IDA Projects Urban Engineering	Human Settlements	-	-	-	1 541	-	-	(1 541)	-
Informal Settlements	Human Settlements	(1 874)	(1 500)	1 964	843	-	-	-	(567)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

National and Province grant funds 2018/19										
Description	Source	Conditions met - transferred to revenue								
		Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Operating	Capital	Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹	
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)	
K9 Unit	Community Safety	-	(3 000)	-	365	-	-	-	(2 635)	
Kanonkop Phase 1 Top Structures	Human Settlements	(2 746)	-	(9 953)	13 759	-	-	(1 060)	-	
Khayelitsha Site C Subsidies	Human Settlements	(4 738)	-	-	-	-	(344)	-	(5 082)	
Kleinvlei Phase 2	Human Settlements	(396)	-	-	-	-	-	-	(396)	
Law Enforcement Officers	Community Safety	(463)	-	-	-	-	-	-	(463)	
Law Enforcement Officers	Human Settlements	(2 655)	(3 938)	46	5 692	762	(124)	-	(217)	
Library Service: Procurement Periodicals and Newspapers	Cultural Affairs and Sport	(184)	(4 770)	-	4 944	-	(183)	-	(193)	
Library Metro Grant	Cultural Affairs and Sport	(1 034)	(10 000)	(670)	-	11 000	(540)	-	(1 244)	
Metropolitan Land Transport Fund	Transport and Public Works	(17 748)	(13 666)	1 724	18 395	-	(89)	-	(11 384)	
Mitchell's Plain Infill Phase 1	Human Settlements	(3 945)	-	-	-	-	-	-	(3 945)	
Mitchell's Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)	
Morkel's Cottage Strand Housing Project	Human Settlements	(9 922)	-	(21 000)	28 793	-	-	-	(2 129)	
Morningstar Infill IRDP	Human Settlements	(166)	-	-	-	-	-	-	(166)	
Municipal Disaster Grant	Community Safety	-	(5 000)	-	5 000	-	(41)	-	(41)	
Nelson Mandela Statue - Contributed Asset	Economic Development and Tourism	-	-	(1 389)	-	1 389	-	-	-	
New Housing Development Projects	Human Settlements	(4 855)	-	-	7 401	-	-	(2 546)	-	
NHBRC Enrollment Fees	Human Settlements	(1 715)	-	-	(142)	-	-	-	(1 857)	
Nutrition Supplement Programme	Health	-	(4 790)	16	5 470	-	-	(696)	-	
Occupancy Survey	Human Settlements	(12 423)	-	-	1 992	-	-	-	(10 431)	
Pelican Park 2083 Top Structures	Human Settlements	(758)	-	-	437	-	-	-	(321)	
Peoples Housing Project	Human Settlements	(71 539)	-	(153 319)	164 476	-	(4 444)	-	(64 826)	
Philippi East Top Structures	Human Settlements	(1)	-	-	-	-	-	-	(1)	
Philippi East Phase 5	Human Settlements	(567)	-	-	-	-	-	-	(567)	

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

National and Province grant funds 2018/19									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue			Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital	Interest earned		
Prov Docs Mod Centre Deployment	Community Safety	-	(345)	(44)	224	-	-	-	(165)
Public Library Fund	Cultural Affairs and Sport	(5 910)	(48 947)	669	45 550	2 242	(1 214)	-	(7 610)
Rou Emoh Housing Development	Human Settlements	(181)	-	-	-	-	(13)	-	(194)
Salt River Transitional Housing - Madulammoho Housing Association	Human Settlements	(4)	-	-	-	313	-	(309)	-
Sir Lowry's Pass Village TRA	Human Settlements	(1 389)	-	-	-	-	-	-	(1 389)
Somerset West Housing Project	Human Settlements	(2 046)	-	(10 347)	-	-	-	-	(12 393)
Sweet Homes IDA TRA	Human Settlements	(7 117)	-	-	-	-	-	-	(7 117)
Tambo Square	Human Settlements	(286)	-	-	-	-	-	-	(286)
TB Crisis Plan	Health	(540)	(29 233)	-	29 095	-	-	-	(678)
Title Deeds Restoration	Human Settlements	-	(26 757)	-	-	-	-	-	(26 757)
Vaccines	Health	-	(93 766)	17 959	101 499	-	-	(25 692)	-
Vrygrond	Human Settlements	(33)	-	-	-	-	-	-	(33)
Wallacedene Phase 3, 4, 5, 6, 7, 8, 9, 10	Human Settlements	(10 990)	-	11	(1)	-	-	-	(10 980)
TOTAL PROVINCE TRANSFERS AND GRANTS		(385 204)	(853 177)	98 048	918 700	23 819	(7 594)	(93 781)	(299 189)
Analysis of grants and subsidies									
Total National Government transfers and grants		(577 867)	(3 251 548)	425 548	533 846	2 055 630	(41 818)	-	(856 209)
Total Province transfers and grants		(385 204)	(853 177)	98 048	918 700	23 819	(7 594)	(93 781)	(299 189)
		(963 071)	(4 104 725)	523 596	1 452 546	2 079 449	(49 412)	(93 781)	(1 155 398)

¹ The balance unspent at beginning and end of the year excludes VAT.

ANNEXURE F: Disclosure of grants in terms of S14(4)(a) of DORA

Rand thousands (R'000)

INTEGRATION ZONES AND GRANTS		
	Budget	Expenditure
Metro South East Corridor		
Integrated City Development Grant (ICDG)	24 139	24 026
Public Transport Network Grant (PTNG)	82 495	74 381
Urban Settlement Development Grant (USDG)	138 836	125 507
	245 470	223 914
Voortrekker Road Corridor		
Integrated City Development Grant (ICDG)	16 832	16 678
Urban Settlement Development Grant (USDG)	73 034	70 798
	89 866	87 476
Blue Downs Symphony Way		
Urban Settlement Development Grant (USDG)	51 284	48 493
GRAND TOTAL	386 620	359 883

ANNEXURE G: Appropriation statement (reconciliation: budget and in-year performance)

Rand thousands (R'000)

	2018/19										2017/18				
	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy) R'000	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget %	Actual outcome as % of original budget %	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Financial performance															
Property rates	9 361 952	943	9 362 895	-	-	9 362 895	9 529 021	-	-	102	102	-	-	-	-
Service charges	19 142 815	301 605	19 444 420	-	-	19 444 420	18 897 225	-	-	97	99	-	-	-	-
Investment revenue	941 028	11 522	952 550	-	-	952 550	1 142 093	-	-	120	121	-	-	-	-
Transfers recognised - operational	6 876 267	565 596	7 441 863	-	-	7 441 863	7 049 218	-	-	95	103	-	-	-	-
Other own revenue	3 372 863	(60 978)	3 311 885	-	-	3 311 885	3 853 671	-	-	116	114	-	-	-	-
Total revenue (excluding capital transfers and contributions)	39 694 925	818 688	40 513 613	-	-	40 513 613	40 471 228	-	-	100	102	-	-	-	-
Employee costs	13 048 918	(407 382)	12 641 536	-	(21 275)	12 620 261	12 458 823	-	-	99	95	-	-	-	-
Remuneration of councillors	169 990	-	169 990	-	-	169 990	162 040	-	-	95	95	-	-	-	-
Debt impairment	2 989 251	(587 573)	2 401 678	-	-	2 401 678	1 585 910	-	-	66	53	-	-	-	-
Depreciation and asset impairment	2 861 003	35 715	2 896 718	-	-	2 896 718	2 732 721	-	-	94	96	-	-	-	-
Finance charges	1 092 864	(182 606)	910 258	-	(2 119)	908 139	834 056	-	-	92	76	-	-	-	-
Materials and bulk purchases	10 742 417	(434 009)	10 308 408	-	42 241	10 350 649	9 937 129	-	-	96	93	-	-	-	-
Transfers and grants	333 807	155 594	489 401	-	(1 562)	487 839	336 816	-	-	69	101	-	-	-	-
Other expenditure	8 391 177	632 967	9 024 144	-	(17 285)	9 006 859	8 116 613	-	-	90	97	-	-	-	-
Total expenditure	39 629 427	(787 294)	38 842 133	-	-	38 842 133	36 164 108	-	-	93	91	-	-	-	-
Surplus/(deficit)	65 498	1 605 982	1 671 480	-	-	1 671 480	4 307 120	-	-	-	6 576	-	-	-	-
Transfers recognised - capital	2 067 896	475 700	2 543 596	-	-	2 543 596	2 080 920	-	-	82	101	-	-	-	-
Contributions recognised - capital and contributed assets	76 200	(21 675)	54 525	-	-	54 525	52 741	-	-	97	69	-	-	-	-
Surplus/(deficit) after capital transfers and contributions	2 209 594	2 060 007	4 269 601	-	-	4 269 601	6 440 781	-	-	151	291	-	-	-	-
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	2 209 594	2 060 007	4 269 601	-	-	4 269 601	6 440 781	-	-	151	291	-	-	-	-
Capital expenditure and funds sources															
Capital expenditure															
Transfers recognised - capital	2 067 896	468 400	2 536 296	-	-	2 536 296	2 069 566	-	-	82	100	-	-	-	-
Public contributions and donations	76 200	(21 674)	54 526	-	-	54 526	49 804	-	-	91	65	-	-	-	-
Borrowing	4 000 000	(3 500 000)	500 000	-	-	500 000	388 445	-	-	78	10	-	-	-	-
Internally generated funds	2 322 984	1 313 956	3 636 940	-	-	3 636 940	2 881 921	-	-	79	124	-	-	-	-
Total sources of capital funds ¹	8 467 080	(1 739 318)	6 727 762	-	-	6 727 762	5 389 736	-	-	80	64	-	-	-	-
Cash flows															
Net cash from (used) operating	4 809 613	2 973 965	7 783 578	-	-	7 783 578	9 280 101	-	-	119	193	-	-	-	-
Net cash from (used) investing	(7 683 492)	1 593 824	(6 089 668)	-	-	(6 089 668)	(6 242 255)	-	-	103	81	-	-	-	-
Net cash from (used) financing	3 556 102	(3 343 855)	212 247	-	-	212 247	(131 800)	-	-	(62)	(4)	-	-	-	-
Cash/cash equivalents at the year end	682 223	1 223 934	1 906 157	-	-	1 906 157	2 906 046	-	-	152	426	-	-	-	-

¹ The actual capital outcome amount does not include the contributed assets amount of R2,86 million. See annexure B.

ANNEXURE H: Bids awarded to family of employees in the service of the state – 2018

Rand thousands (R'000)

Connected person	Position held in state	Economic entity 2018	Municipality of Cape Town 2018
H Ahlschlager	Legal representative	14 319	14 319
N Andhee	Teacher	1 071	1 071
R Badenhorst	Councillor: Stellenbosch Municipality	1 254	1 254
M Barnard	Deputy Director: Radiology	786	786
P Bell	Events manager	1 421	1 421
J Bogma	Metro paramedic	119	119
V Botto	Forensics	516	516
ER Bowers	Social worker	572	572
C Brown	National key point supervisor	133	133
C Brynard	Councillor: City of Cape Town	3 102	3 102
C Carr	Administrative officer	87	87
P Christopher	Operations manager	1 453	1 453
JP Cilliers	Specialist advisor	406	406
A da Grass	Specialist clerk	166	166
M Daniels	Project administrator	149	149
M Davids	Operational supervisor driver	194	194
S Davids	Teacher	3 780	3 780
W de Kock	Stellenbosch Municipality	1 003	1 003
A Dolf	Senior clerk	1 197	1 197
N Dolf	Clerk	548	548
Y Ebrahim	District head	1 553	1 553
C Elliot	Office of the Premier	2	2
F Fortune	Physio	228	228
S Fourie	HoD: Department of Economic Development and Tourism	10	-
S Gxilishe	Teacher	155	155
A Harding	Administrative officer	35	35
W Harris	Councillor: City of Cape Town	9	9
C Hector	Quality assessor	2 478	2 478
T Henderson	Teacher	350	350
F Hendricks	Administrative officer	1 108	1 108
R Hendricks	HR: Department of Justice	128	128
E Jacobs	Senior clerk	44 172	44 172
R Jacobs	Fleet coordinator	807	807
Y Jacobs	Accountant	307	307
LA Kenny	Professional officer	327	327

ANNEXURE H: Bids awarded to family of employees in the service of the state – 2018_(continued)

Rand thousands (R'000)

		Economic entity	Municipality of Cape Town
Connected person	Position held in state	2018	2018
T Lebesana	Security	162	162
Z Mabodi	Advocate	38	38
N Makeleni	Nurse	53	53
M Maroof	Professional officer	90	90
SS Merile	Small-plant operator	696	696
G Meyer	Manager: Supplier Management	3 011	3 011
D Moffett	Director	2 251	2 251
R Mohammed	Executive Director: Central Energy Fund	6 660	6 660
FJ Monk	Subcouncil manager	861	861
F Mostert	Manager	1 095	1 095
MC Mshweshwe	Statutory compliance specialist	1 066	1 066
M Mvalo	Professional officer	1 800	1 800
NG Payne	Principal professional officer	52	52
S Pieterse	Senior clerk	552	552
C Rhoda	Head: Invasive Species	347	347
M Rhodes	Teacher	5 078	5 078
A Richards	Senior professional officer	76	76
L Ritter	Buyer	74	74
D Rose	Call centre agent	3 725	3 725
MN Sammy	Administrative officer	17	17
A Sangster	Support assistant	8 524	8 524
N September	Administrator	224	224
Y Skunyana	Light-machine operator	707	707
L Sneli	Assistant project manager	4	4
T Steyn	Senior professional officer	433	433
C Stone	Manager: Traffic Services	6	6
S Toyer	Stores clerk	36	36
Z Valley	Professional officer	35	35
V van der Heever	Teacher	6 290	6 290
C van der Vent	Senior worker	390	390
N Vlotman	Department of Health	8	8
MF Voersen	Head	2 346	2 346
B Wasserfall	Senior forensic officer	841	841
S Willemse	Administrative officer	1 538	1 538
R Williams	Prison warden	54	54
V Williams	Clerk	2 718	2 718
R Wyngaard	Administrative officer	1 044	1 044
Bowman Gilfillan Attorneys	Members as per schedule below*	8 726	8 726
TOTAL		145 573	145 563

ANNEXURE H: Bids awarded to family of employees in the service of the state – 2018_(continued)

*Names of members (Bowman Gilfillan Attorneys)

E Arumugam	School Principal
H Ben - David	Captain
O Bhayat	Member of Mayoral Committee
R Bhayat	Ass Director
G Buitendag	Principal Professional Officer
J Christoffel	Staff Officer
J Conradie	Audit Manager
T Cronje	Teacher
M de Villiers	Project and Process Manager
C Dyer	Deputy Director
S February	Teacher
C Franklyn	Specialist Scientist
Q Green	Director Finance
D Kaapu	Inspector
C la Marque	Regional Magistrate
A Majola	Nurse
M Majola	Manager
C Maree	Senior Family Advocate
G Mellem	Teacher
D Mkhwanazi	Production Scientist
T Nichols	Business Analyst
M Nyali	Teacher
N Nyali	Chief Education Specialist
Z Pali	Ass Director
L Pillay	Doctor
S Pillay	Educator
V Pillay	Chief Information Officer
L Ravinath	Doctor
A Sarjoo	Civil Engineer
B Sepuba	Special Recruitment
S Sepuba	Quality Assessor Specialist
L Sicam	Civil Engineer
O Stelling	Engineer
E van den Berg	School Psychologist
J van den Heuvel	Magistrate
A Visser	Maintenance Manager

APPENDIX A

Abbreviations used in these financial statements

AFD	Agence Française de Développement
AGSA	Auditor-General of South Africa
ASB	Accounting Standards Board
B-BBEE	Broad Based Black Economic Empowerment Act
CCT	City of Cape Town
CID(s)	city improvement district(s)
CMTF	Cape Metropolitan Transport Fund
COID	compensation for occupational injuries and diseases
CPI	consumer price index
CRR	capital replacement reserve
CTICC	Cape Town International Convention Centre Company SOC Limited (RF)
DB	defined-benefit (scheme)
DBSA	Development Bank of Southern Africa
DC	defined-contribution (scheme)
DCAS	Department of Cultural Affairs and Sport
DMTN	domestic medium-term note
DoRA	Division of Revenue Act
FBE	free basic electricity
GRAP	Generally Recognised Accounting Practice
ICASA	Independent Communications Authority of South Africa
IDP	Integrated Development Plan
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
IRT	integrated rapid transit
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
Mayco	Mayoral Committee
MFMA	Local Government: Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
NACS	nominal annual compounded semi-annually
NHRB	National Health Research Board
PAYE	pay-as-you-earn
PPE	property, plant and equipment
Province	Western Cape Provincial Government
SALA	South African Local Authorities (Pension Fund)
SALGA	South African Local Government Association
SANDF	South African National Defence Force
SAP	Systems, Applications and Products
SAMWU	South African Municipal Workers Union
SCM	Supply Chain Management (Department)
UIF	Unemployment Insurance Fund
USDG	Urban Settlements Development Grant
VAT	value-added tax
WACC	weighted average cost of capital
WCED	Western Cape Education Department

